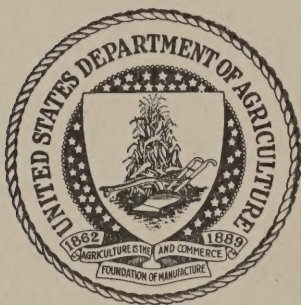


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WHEAT AND THE AAA

A compilation of material dealing with the wheat problem and the Agricultural Adjustment Administration wheat program.

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WHEAT AND THE AAA

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WHEAT AND THE AAA

CHAPTER 1 - WHY A WHEAT PROGRAM

Early Expansion Policy

Throughout the early period of United States history, the problem of our agriculture, including our wheat farming, was to expand output steadily to meet an increasing demand at home and abroad. Until less than a century ago the agricultural conquest of this continent was a slow-moving procession through one of the largest and densest forests in the world. Then came the rapid settlement of the grasslands. This was, in general, a movement onto land particularly adapted to wheat. As a result, production increased vastly.

With the agricultural expansion westward went an increasing specialization of farm functions. This specialization and mechanization of agriculture, together with the building of railroads, made agriculture increasingly commercial.

POPULATION.-- Meantime, our population was growing. We had a large excess of births over deaths, and also heavy immigration. Before the Civil War, population doubled each quarter-century. After the Civil War, although the rate of increase diminished, the growth continued. Between 1920 and 1930 the increase exceeded 16 million--a number almost equal to the total populations of Canada and Australia. Most of the growth was in the cities, for by the close of World War I, migration to the Great Plains States had virtually ceased.

Europe's population likewise increased rapidly in the nineteenth century. Meanwhile, we were importing capital as well as immigrants from Europe. The growth of Europe's population coupled with the fact that we had to repay what we had borrowed gave us a rapidly expanding market for agricultural products. American agriculture responded with a rapidly increasing production, which aided the further growth of urban populations in both hemispheres.

EFFICIENCY.-- In the last hundred years the productivity of the individual agricultural worker in the United States has increased three-fold. Between 1910 and 1930 it increased about 41 percent. Moreover, mechanical power largely supplanted horses and mules, with the result that the 35 million to 40 million acres formerly used for growing feed for horses and mules was released for other crops.

In 1787, the year in which the Constitution was written, the surplus food produced by 19 farmers fed 1 city person. In recent years 19 farm people have produced enough food for 56 nonfarm people in the United States plus 10 living in foreign countries. Full use of the available acreage, agricultural science, and machinery would have enabled them to support still more people.

Until after World War I the national and world economy encouraged this growing productivity. Europe took our products liberally, and the market at home was expanding. Moreover, the farm population declined in relation to the total population. In 1931, of all gainfully employed Americans, only 21 percent were in agriculture, as compared with about 70 percent a century ago. From one-fourth to one-half of the farm youth left the farms for the cities each decade between 1870 and 1930. This movement of personnel from farm to non-farm occupations helped greatly to keep agriculture in balance with industry.

Changes Raise Problems

Suddenly, however, we became aware of profound changes in our country. The rate of growth in the domestic population declined; immigration ceased; cities became unable to absorb rural youth as they had previously done; depression and unemployment reduced the buying power of wage earners; there were no more land frontiers; and foreign countries became unable, for various reasons, to maintain their purchases of American farm products. American agriculture entered an era of resistance to its further expansion.

CONSUMPTION.— In the domestic market, the wheat farmer has faced a relatively stable outlet. Per capita consumption of wheat as food for human beings, has been decreasing in the United States since the pre-war period as shown by the following figures: 4.3 bushels in the 1925-1928 period; 3.9 bushels in the 1929-1933 period; and 3.7 bushels in the 1934-1938 period. Increases in the population, however, have tended to maintain the total number of bushels consumed. In the last 15 years the amount of wheat milled annually for human consumption and commercial feeds has varied within the comparatively narrow range of 475 million to 525 million bushels.

The amount of wheat used for seed has ranged from 75 million to 95 million bushels. In the 1920's about 50 million bushels of wheat was fed to livestock. Since 1930, however, from 75 million to 150 million bushels have been fed annually to livestock. Larger amounts are usually fed in years when wheat prices are low in relation to other feeds. Normal domestic requirements for the immediate future may be about 650 million to 700 million bushels, including 500 million to 525 million bushels for food and commercial feeds, 75 million bushels for seed, and 75 million to 100 million bushels for livestock feed.

World Markets Shrink

Because of the needs of its rapidly expanding population, the United States exported less and less wheat from 1901 to 1910. In the 5-year period preceding World War I, the net exports of wheat from principal exporting countries averaged 663 million bushels annually, of which exports from the United States contributed 105 million bushels, or 16 percent.

During the war net exports from the United States increased materially, amounting to 335 million bushels for the 1914-15 crop year largely as a result of small crops in two of the other exporting countries,

Canada and Australia. After the war, while European nations were restoring their interrupted and disrupted agriculture, exports from the United States continued at a relatively high level. For the 5 years 1922-1926, the total world trade in wheat averaged 776 million bushels a year, of which 180 million bushels, or 23 percent, was furnished by the United States.

Other exporting countries likewise increased their exports in this period. During the 5 years 1922-1926, Canada exported an average of 287 million bushels as compared with 94 million bushels in the pre-war period. Argentina exported 136 million bushels on the average in the 5 years 1922-1926, as compared with an average of 85 million bushels in the 5 years 1909-1913. Exports from Australia increased from an annual average of 50 million bushels in the pre-war period to an average of 88 million bushels for the 5 years 1922-1926.

EXPORT PEAK.- The total exports from principal exporting countries continued to expand during the 1920's and reached their peak in the year, 1928-29, when the total world trade in wheat amounted to 947 million bushels. A large part of the enormous world trade in this period was made possible by United States loans to European countries.

BARRIERS.- After the war the United States not only continued to restrict importation of manufactured articles, but, by new and higher tariffs, barred goods from European countries which had been the principal customers for United States wheat, pork, and cotton. As a result foreign nations were unable to buy what the American farmer had to sell. At the same time, the high tariff enabled manufacturers to maintain artificially high prices for the things which the farmer had to buy. When the United States ceased making loans and attempted to collect money already loaned, world trade in wheat and other agricultural commodities fell rapidly. Net exports from the principal exporting countries, including the United States, declined from 947 million bushels in 1928-29 to as low as 526 million bushels in 1935-36.

During the late 1920's, with the United States markets virtually closed to imported goods and with short war rations still vividly in mind, European countries began to erect tariff barriers against the importation of wheat, to place restrictions upon the use of foreign wheat and flour by their millers and bakers, and to adopt other means of increasing domestic production of wheat.

Thus through the decade of the 1920's the United States wheat problem, which was born in the days of World War I, took form. Clearly the fundamental part of that problem stood out: Our wheat production plant had been built to supply both a growing home market and a substantial part of the world market, but world developments since 1920 were making exports of old-time proportions a thing of the past.

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CHAPTER 2 - HISTORY OF UNITED STATES WHEAT PROGRAMS

The necessity of a change in the wheat policy of the Nation first became evident immediately after World War I. When the wartime price restrictions were removed, the first reaction was that the price of wheat in the United States skyrocketed to unprecedentedly high levels. Immediately following this extremely high price came the post-war depression bringing low prices for wheat and other agricultural products, and general distress in the agricultural regions of the country.

The first approach toward changing the wheat policy was the establishment of large-scale cooperative marketing associations. The wheat-pool movement and the acceleration in the development of terminal cooperative grain sales agencies characterized the early 1920's.

It soon became evident to many agricultural leaders, however, that many benefits could be derived from cooperation, but that cooperative marketing alone would not correct the situation. Accordingly, such plans as the McNary-Haugen plan and the export-debenture plan were advocated.

Equalization Fee Plan

The exportation of agricultural surpluses to be sold at world prices, meanwhile allowing prices on the portion consumed in the domestic market to rise behind the tariff wall, is a plan characteristic of many of the price-raising proposals which have been suggested for the benefit of agriculture since the early 1920's.

The first widely known proposals embodying this idea were the original McNary-Haugen bill of 1924 and the vetoed bills of 1927 and 1928. The method in all three of these bills was essentially to dispose of surpluses abroad for whatever price they would bring, losses to be met through the collection of an equalization fee levied against the product.

The equalization fee plan was based upon the concept of a rather steady export outlet for American farm products. It was believed that this outlet would absorb surpluses in reasonably large quantities and at fairly satisfactory prices, so that lower export prices would be more than offset by increased prices on the domestic market. The plan seemed well suited to the situation which prevailed during the 1920's, when the large export demand for wheat would have absorbed the surplus from the United States.

Export Debenture Plan

The export debenture plan also proposed to raise farm prices by disposing of surpluses abroad. Conducted behind a tariff wall and paying an export bounty, the plan would have sought to force the surplus out of

the country and thus make the domestic price rise by an amount equal to the export bounty.

It differed from the equalization fee plan in its provision for the use of tariff revenue to pay export subsidies on the surpluses. In other words, losses incurred in moving surpluses to the foreign market would have been made up out of import revenues intercepted just before they reached the Federal Treasury, rather than through the equalization fee tax on the product.

The special device from which the plan took its name was the payment of these subsidies with debentures rather than with cash. The debentures were to be acceptable in the payment of customs duties. The rate of subsidy was to be made flexible--that is, the larger the surplus, the smaller the subsidy--as a provision to curb overproduction.

It was believed that the volume of exports would increase ultimately to the point of freeing domestic markets from the weight of the surplus and that thus the domestic price would be raised above the world price by the amount of the tariff--this also being the amount of the subsidy.

The plan was embodied in the McKinley-Adkins bill of 1926 and the Jones-Ketcham bill of 1928, neither of which was enacted.

Federal Farm Board

The Agricultural Marketing Act of 1929 provided essentially for a marketing approach to the farm problem. It set up the Federal Farm Board to carry out the act, and encouraged cooperatives in an effort to induce more orderly marketing on a Nation-wide scale.

PRICE STABILIZATION.--With the drastic price declines late in 1929, the Board undertook a program of price stabilization, first, by making loans which enabled cooperatives to hold their products off the market and, later, by the organization of stabilization corporations and large-scale purchases of cotton and wheat. The plan did not provide for any direct control of production.

The 1929 act was based upon the concept that the farm problem is primarily one of wasteful individualized selling, and could be corrected by encouraging cooperative marketing. It aimed to stabilize farm prices by means of a distinctive program governing marketing rather than production.

The experiences of the Federal Farm Board indicated that stabilization purchasing and storage would not correct the wheat situation without some concurrent form of control of acreage and production.

RESULTS.--The total purchases by the Grain Stabilization Corporation, from May 1930 to March 3, 1933, amounted to 370 million bushels of cash wheat and 538 million bushels of wheat futures, making

a total of 908 million bushels. In disposing of its wheat, the corporation sold 237 million bushels through regular domestic and foreign channels, sold or exchanged 47 million bushels to foreign governments, and donated 85 million bushels to charity. The difference of half a million bushels between purchases and sales of cash wheat was due to shrinkage and a small amount retained for making adjustments.

Up to March 31, 1933, the Grain Stabilization Corporation had borrowed about 580 million dollars from the Farm Board, and had repaid 364 million dollars. Assets and claims yet to be realized were estimated to total 31 million dollars, leaving an estimated net loss to the revolving fund from the entire wheat stabilization operations of 184 million dollars. This estimated loss to the revolving fund was divided as follows: Loss on stabilization operations, 160 million dollars; loss on Red Cross donations, 23-1/2 million dollars.

By March 7, 1933, the Grain Stabilization Corporation had disposed of all its cash wheat, and by April 29 all of its wheat futures had been sold. The Farm Board announced on the latter date that as soon as all of the wheat donated to the Red Cross had been delivered the offices of the Grain Stabilization Corporation would be closed, and that "the Farm Board would not undertake any more stabilization deals in any commodity." The Red Cross agreed to take the balance of the stabilization relief wheat by August 1, 1933.

Domestic Allotment Plan

The domestic allotment plan embodies in the Hope-Norbeck bills of 1932 originally proposed a system of certificates enabling producers to sell on the domestic market--at protected prices--that portion of the crop normally consumed in this country, the surplus to be exported without subsidy.

In later form it also provided for some production control, with benefit payments paid on the domestic allotment out of the proceeds of a processing tax. This was one of the methods used in the Agricultural Adjustment Act of 1933, the processing tax and production-adjustment provisions of which were later invalidated by the Supreme Court.

The domestic allotment plan reflected a growing doubt as to the possibility of exporting unlimited quantities of farm products, and an increasing belief that production regulation should in some way be attempted. The plan sought to make the individual farmer conscious of his share of the surplus and to improve prices by limiting the quantity available to the domestic market and discouraging increased production for export.

Agricultural Adjustment Act of 1933

The Agricultural Adjustment Act of 1933 provided for adjustment in production of seven major commodities which were considered as being produced in surplus quantities--wheat, corn, cotton, hogs, rice, tobacco,

and dairy products. The basis of this program was a voluntary contract between the Government and each cooperating producer. In the wheat contract the producer agreed to regulate his seedings within limits determined by the Secretary of Agriculture designed to provide for domestic needs, adequate reserves, and any likely export demands. The Government paid cooperating producers adjustment payments from funds raised by a processing tax.

The "Thomas Amendment" to this 1933 act was the legislation under which the dollar was devalued--a price-raising expedient advocated in many quarters. The Bankhead and Kerr Acts, controlling the marketing of cotton and tobacco, were also eventually enacted as supplementary legislation.

The 1933 act included features drawn from several of the earlier proposals, among them domestic allotments, expansion of markets, encouragement of exports, and regulation of marketing methods.

This plan, however, regarded the farm problem as primarily concerned with disposing of existing surpluses in the face of reduced export outlets, an aim which could be accomplished only if production were checked. Furthermore it assumed that producers would do this cooperatively under the inducement of benefit payments, and that consumers would pay parity prices for farm products in the domestic market.

WHEAT SIGN-UP.--When this voluntary program was offered to farmers, about 580,000 wheat contracts were signed by approximately 800,000 farms operators and landlords, bringing under contract about 51.5 million acres, or 78 percent of the wheat acreage in the United States during the base period 1930 to 1932, inclusive. Growers received payments equal to the difference between the farm price and the parity price on the domestically consumed portion of their crop. These payments amounted to about 99 million dollars for the 1933 crop, 101 million dollars for the 1934 crop, and 115 million dollars for the 1935 crop.

In the first 2 years of the wheat program, funds collected in processing taxes exceeded the needs for adjustment payments and administrative expenses. From June 1935 to the end of that year, however, in increasing numbers, the lower courts granted to processors injunctions against the payment of the tax, with the result that a total of about 67 million dollars in wheat processing taxes was impounded. Budget estimates based upon average tax collections and adjustment payments indicate that if these actions had not been taken, the 3-year wheat program would have had a surplus of approximately 30 million dollars.

As a result partly of the program and partly of the drought, wheat seedings for the 1934 crop were reduced to 63.6 million acres as compared with an annual average of 66.3 million acres for the 3 years, 1930, 1931, and 1932, and 68.5 million acres for 1933.

While the wheat program was in effect the United States suffered the worst drought in its history, causing a shortage of some commodities.

In order to meet the drought situation, modifications were made in the original program. Seeding requirements were modified and producers were permitted to grow emergency forage crops on land taken out of wheat. In no year was the wheat acreage under the program reduced to an unduly low level. More than 63.6 million acres were seeded to wheat for the 1934 crop, the 1935 acreage was 69.2 million acres, and that for 1936 was 73.7 million acres.

REFERENDUM.--In anticipation of the completion of the 3-year program, a Nation-wide referendum was held among wheat producers in May 1935 upon the question: "Are you in favor of a wheat production-adjustment program to follow the present one which expires with the 1935 crop year?" All wheat farmers, including signers and non-signers, were eligible to vote.

The result was 7 to 1 in favor of a continued program. The total vote was favorable in every State except New Jersey where only 130 votes were cast. A new 4-year wheat adjustment program was drafted to cover the period 1936-39, inclusive, and a sign-up campaign was undertaken. Before the final contracts were signed, however, the United States Supreme Court on January 6, 1936, handed down the Hoosac Mills decision, invalidating the processing tax and production-control provisions of the Agricultural Adjustment Act.

Preliminary estimates made shortly before the Hoosac Mills decision indicated that the sign-up in the 1936-39 wheat program would have brought under contract approximately 48 million acres, as compared with 51.5 million acres under contract during the 1933-35 program. This drop in prospective contracted acreage was attributed to nonrenewal of contracts by small farmers and to the fact that wheat prices, although still below parity, were sufficiently improved to cause some farmers to withdraw from the program.

EXPORT PROGRAM.--To meet the emergency of an accumulated surplus in the Pacific Northwest in 1933, the North Pacific Emergency Export Association was organized under the marketing-agreement powers of the Agricultural Adjustment Act. This association was empowered to reimburse exporters for the difference between domestic prices and world prices on exported wheat and flour. Funds for this purpose were provided from a reserve of 2 cents a bushel set aside from the processing tax.

The association began operations in October 1933 and during the 1933-34 marketing season assisted exports of approximately 28.4 million bushels of wheat and flour. During 1935, with wheat supplies sharply reduced, the program was discontinued.

INCOME.--In the years from 1932 to 1936 the cash income from wheat, including adjustment payments, had more than doubled. Income to wheat farmers had declined from 1,572 million dollars in 1919 to 200 million dollars in 1932, and then increased to 451 million dollars for the 1936 crop, as drought and the adjustment program reduced supplies and as business conditions began to improve.

Soil Conservation and Domestic Allotment
Act of 1936

During 1934 and 1935 there was growing sentiment to place more emphasis on soil conservation in the national farm program. With the invalidation of the 1933 act, soil conservation became the underlying principle of the Soil Conservation and Domestic Allotment Act of 1936, which is still in operation in a strengthened and amended form, complemented by the Agricultural Adjustment Act of 1938.

The Soil Conservation and Domestic Allotment Act was based on the following: (1) That the continued welfare of the Nation requires that soil resources be conserved; (2) that soil fertility is wasted if crops are produced in excess of effective domestic and export demand; (3) that it is cheaper to expend Government funds for prevention of depletion than to try to restore fertility after it has been wasted.

Under this act, emphasis still was placed on the problem of increasing agricultural income, but the increase was sought primarily through payments for the adoption of land uses and farm practices which would conserve and build up soil fertility, instead of through the adjustment of production or marketing. This meant that producers could earn payments out of the General Treasury funds for shifting from such "soil-depleting" crops as cotton, corn, wheat, tobacco, and rice, to such "soil-conserving" crops as grasses and legumes and for carrying out certain "soil-building practices."

VOLUNTARY PROGRAM.—The Soil Conservation and Domestic Allotment Act formed the basis for the 1936 and 1937 programs. No contracts were employed. Instead, the rates and conditions of payment were simply announced so that farmers could make application for payments for which they were eligible, and payments were disbursed when it was established that the prescribed conditions had been satisfied.

As under the early adjustment programs, farmers received cash payments for adjusting the acreage of their basic soil-depleting commodities, but the conservation plan permitted the participating producer a greater latitude in determining the crop and the manner in which reduction should be made. This made the plan more flexible in its adaptation to individual farm conditions, but at the same time made it largely incapable of securing adjustments in the total output of any particular commodity.

WHEAT.—Wheat was classified with the group of general soil-depleting crops. As a result, in 1937, following the great drought of 1936, rising wheat prices encouraged many farmers to increase their wheat acreage while offsetting this increase with more drastic reductions for other crops in the general soil-depleting classification.

The total seeded wheat acreage for 1937 was 81.1 million acres, the largest acreage in United States history.

Although the Agricultural Adjustment Act of 1938, which included more positive measures for adjusting acreage, was passed early the following year, it did not become law until after a large part of the 1938 wheat crop had been seeded. The 1938 seedings were 79 million acres, near the previous year's record. Favorable growing seasons in both 1937 and 1938 brought supplies once more to surplus proportions.

Agricultural Adjustment Act of 1938

The Agricultural Adjustment Act of 1938 became a law in February 1938, supplementing the Soil Conservation and Domestic Allotment Act of 1936. The new act, together with the previous legislation, rounded out a program which provides:

(1) Conservation payments to producers who adjust the acreage of their soil-depleting crops as prescribed in the allotments, and who carry out soil-building practices; (2) parity or price adjustment payments to producers of corn, wheat, cotton, tobacco, and rice who do not overplant their allotments; (3) commodity loans to cooperators; (4) marketing control of surpluses of corn, wheat, cotton, tobacco, and rice by means of marketing quotas whenever approved by two-thirds of the producers voting; (5) Freight rate investigation and study; (6) Federal crop insurance on wheat; (7) purchases of farm surpluses for relief distribution; (8) market expansion through research on new uses for farm products; and (9) programs to expand the export of farm surpluses.

The general basis for this program is that (1) although efforts should be made to expand markets and develop new uses for farm products progress in this direction will be slow, (2) export outlets are for the present definitely limited, (3) one essential for reasonable farm income is a balance between production and market demand, (4) production adjustment requires an ever-normal granary, (5) a program of commodity loans and parity payments is helpful only when it does not lead to further surplus production.

A complete discussion of the new program for wheat and its accomplishments is taken up in following chapters.

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CHAPTER 3 - THE CURRENT WHEAT PROGRAM

The Agricultural Adjustment Act of 1938 constitutes the legislative basis for a national wheat program designed to provide a more even flow of wheat to market and a more stable income to growers. In the interest of consumers, it is designed to help assure plenty of wheat for the Nation at all times, even in years when weather or other natural conditions reduce production.

The wheat program consists of a number of measures which wheat farmers may use to work out their problems of production, distribution, and income. These measures include acreage allotments, storage loans, crop insurance, marketing quotas, export subsidies, provisions to encourage greater use of surpluses, and benefit payments. The effectiveness of these combined measures was demonstrated in 1939, the first full year of the wheat program's operation.

Wheat farmers in 1939 used the new program to establish an effective Ever-Normal Granary. Supplies of wheat continued well above all needs, but through the program farmers were able to handle these supplies in an orderly manner.

In the face of record-breaking world supplies which depressed world wheat prices to an all-time low, United States farmers protected domestic wheat prices and wheat income. For example, in August 1938, just before farmers began seedings under the new program, the average United States farm price of wheat was 34 cents under average quotations at Liverpool. One year later, in August 1939, the United States farm price was 3-1/2 cents above the Liverpool price. Since Liverpool is normally about 30 cents above the domestic farm price, this meant that United States farmers actually received 30 to 35 cents a bushel more for their wheat than if their price had been based on the world market.

Average farm prices continued to improve, rising almost 35 cents from August 1939 to April 1940. Following expiration of the 1939 wheat loan and the intensification of the European war, the United States average farm price fell back from the 88.9 cent average in April to 80.7 cents in May 1940 and 67.4 cents in June 1940.

Thus, in the first year of the current AAA wheat program, wheat farmers made substantial progress in improving their income and supplies. They protected their price from the world depression; they used crop insurance to insure their production; and they used the wheat loan to take advantage of the rise in prices.

Acreage Allotment

Since surplus has been one of the wheat farmer's fundamental problems, the acreage allotment is a basic measure in the wheat program. Through the acreage allotment, wheat farmers have the opportunity to cooperate on a Nation-wide front to make such adjustments in their wheat acreage, up or down, as reserve supplies and prospective markets justify. They have the opportunity to work toward the twofold objective of a wheat supply sufficient to take care of all needs yet not so great as to undermine wheat income.

NATIONAL ALLOTMENT.-- In May or June each year, early enough so wheat farmers can plan their year's operations ahead of fall seeding, the national acreage allotment for wheat is announced. The national allotment is the acreage needed, at normal yields, to make available enough wheat for normal domestic consumption and exports and an adequate reserve.

This allotment is then divided among the States and counties on the basis of the previous acreage planted to wheat in the States and counties with adjustments made for abnormal weather conditions, trends, and for participation in previous AAA programs.

FARM ALLOTMENT.-- County allotments for wheat are apportioned to individual farms principally on the basis of previous seedings with consideration also given to crop rotation practices as indicated by tillable acres, type of soil, and topography. Thus the share of the national allotment received by each farm takes into account the amount it has been producing in the past as well as the amount it should supply if operated on a sound, soil-conserving basis.

ADJUSTMENT IN 1938.-- Since most of the 1938 wheat had already been seeded when the 1938 act was passed, farmers did not have opportunity to make use of the acreage allotment provision of the program until they began seedings for the 1939 crop. Although an acreage allotment of 62.5 million acres was set up by the act for 1938, this was merely for the purpose of calculating benefit payments. Seedings in 1938 amounted to 79.6 million acres. With an average yield per seeded acre of 11.7 bushels, the year's production totaled 932 million bushels.

ADJUSTMENT IN 1939.-- For 1939, wheat farmers received their allotments well ahead of seeding time. The national allotment was 55 million acres, and 64 million acres were seeded, making a 20 percent reduction under the previous year, the largest ever made in a single year. The average per seeded acre yield was 11.8 bushels, making the production for the year 755 million bushels. As an indication of compliance with the wheat program, wheat farmers participated to the extent that they earned 73 percent of their maximum parity payments.

ADJUSTMENT IN 1940.-- Because of the adjustment in 1939, it was possible to increase the national allotment from 55 million for 1939 to 62 million acres for 1940. Seedings for 1940 totaled 64 million acres, and the preliminary estimates indicate a yield of 12.3 bushels per seeded acre and a production of 792 million bushels.

ALLOTMENT FOR 1941.-- In accordance with provisions of the act which take into account supplies on hand, the prospective crop, and needs for the next year, a 1941 national wheat acreage allotment of 62 million acres was announced May 14, 1940. This is the same acreage as the 1940 national allotment.

Storage Loans

Wheat loans, first of all, provide wheat farmers with a price stop-loss, and, second, they enable farmers to hold part of their wheat off an overloaded market until it can be marketed in a more orderly manner.

WHEN OFFERED.-- Upon the recommendation of the Secretary of Agriculture and with the approval of the President, the Commodity Credit Corporation is authorized to offer loans on the security of stored wheat. However, in years of excessive supplies or ruinous prices the CCC is directed to make loans available to farmers who cooperate in the agricultural conservation program. Such mandatory loans are to be offered in any year in which the farm price of wheat on June 15 or at any time thereafter during the marketing year is below 52 percent of the parity price, or in which the Department of Agriculture's July crop estimates indicate a wheat crop larger than a normal year's domestic consumption and exports.

RATE.-- The loan rate is determined by the parity price of wheat on the farm. The rate to cooperating farmers is not less than 52 percent and not more than 75 percent of the parity price of wheat at the beginning of the marketing year. Country loan values are calculated from basic terminal rates with differentials for freight and handling.

IN QUOTA YEARS.-- In years when the marketing quota is applicable but is voted down in a referendum, a wheat loan cannot be offered.

When marketing quotas have been approved by producers, non-cooperators are also eligible for loans, but only on that portion of their crop which could not be marketed without penalty, and then at only 60 percent of the loan rate offered to cooperators.

1938 LOAN.-- When the first loan on stored wheat was offered in the fall of 1938, about 73,000 loans were certified. These loans were secured by approximately 85.7 million bushels of wheat, at an average value to producers of 53 cents. This United States average was 7 cents less than the 60 cents estimated at the time the 1938 loan was announced, because a relatively large amount of wheat was stored in areas distant from terminal markets.

Loans on 5.5 million bushels out of the 85.7-million-bushel total were liquidated by banks and other lending agencies, and loans on 80.2 million bushels were rediscounted through the Commodity Credit Corporation. As of June 30, 1940, loans on only 2,000 bushels of this wheat remained outstanding, 15.7 million bushels had been delivered to the Corporation, and loans had been repaid on the remaining 64.5 million bushels. Included in the wheat redeemed were 3.8 million bushels on which

the loans had been extended to March 31, 1940, all of which was later redeemed.

The Commodity Credit Corporation loaned about 46.4 million dollars on 1938 wheat, and warehouse charges, interest paid to lending agencies, and other expenses brought the total cost to about 48.8 million dollars. The Corporation received about 43.2 million dollars in the form of repayments by growers, interest collected, and sale of wheat collateral. The loss of 5.6 million dollars was about 7 cents per bushel on the 80.2 million bushels rediscounted with the Corporation, or 6.6 cents on the entire 85.7 million bushels placed under loan in 1938.

The Bureau of Agricultural Economics has estimated that the loan and export programs added a total of 17 cents per bushel, or 57 million dollars, to wheat growers' income from the 1938 crop. The combined cost of these programs was 31.6 million dollars, including 26 million dollars for the export subsidy and 5.6 million dollars for the wheat loan.

1939 LOAN.— The 1939 loan was essentially the same as the 1938 loan. The new program, however, adjusted loan rates to reflect protein content. A little more than 237,000 loans, secured by nearly 168 million bushels, were made. This more than tripled the number of loans and about doubled the number of bushels recorded in the 1938 loan program.

By June 30, 1940, producers in all States had paid off loans and redeemed 22.6 million bushels of farm-stored wheat and 133.1 million bushels of elevator-stored wheat, or a total of 155.7 million bushels. The Commodity Credit Corporation had taken deliveries of 37,650 bushels of farm-stored and 1.6 million bushels of elevator-stored wheat. This left outstanding loans on 10 million bushels. Virtually all of these loans were on farm-stored collateral and were extended to April 30, 1941.

The loan values to producers averaged 63.3 cents, which was 56 percent of the parity price during the 1939-40 marketing year.

In July and August 1939, during harvesttime, farm prices averaged about 55 cents as compared with 85 cents in March 1940 and 89 cents in April when the bulk of the loans were repaid. Prices in July and August were at least 30 cents a bushel above world levels, so that, with the 30-cent advance, growers who secured loans on their 1939 crop and liquidated these loans in March and April received 60 cents a bushel more than they could have received on the world market at harvesttime. Deducting 10 cents for storage and interest, it is conservatively estimated that on at least 160 million bushels, the loan added 50 cents a bushel, or 80 million dollars, to the income of wheat growers on the 1939 crop.

The Commodity Credit Corporation had collected \$622,000 interest on the 1939 wheat loan as of August 1, 1940, and all loans except those extended have been paid in full. It is possible that the loss on the small amount delivered to the Corporation will be less than the interest

collected so that the 1939 loan will result in no loss to the Federal Government.

The sale of a large amount of wheat outside the loan program was influenced by the loan. Many producers who were able to hold their wheat without actually securing a Federal wheat loan would have found it difficult to secure the necessary local credit if this loan had not been available.

1940 LOAN.— A wheat loan was announced for the 1940 wheat crop with average loan values about the same as for 1939, that is, about 56 percent of the parity price.

As of October 8, 1940, the Commodity Credit Corporation reported that a total of 209 million bushels of 1940 wheat had been put under loan. This corresponded with 128 million bushels for the same period in 1939. The loans on 1940 wheat numbered 329,000 as compared with 183,000 on the same date in 1939. Of the total 1940 collateral on this date, 185 million bushels was in warehouse storage, and 24 million in farm storage. A total of 150 million dollars had been advanced.

FARM STORAGE.— Farm storage under the wheat loan program in 1939, although subjected to a season of the heaviest weevil infestation on record, was established as a successful part of the Ever-Normal Granary program, without loss to the Government.

In the 21 midwestern and western States, where virtually all of the 1939 wheat loans were made, there were 33,643 loans on farm-stored collateral, covering wheat in approximately 65,000 bins. The last inspection report compiled following the loan expiration date April 30, 1940, indicates that only 1,251 bins, or less than 2 percent, in the 21 States were weevily. Most of these bins were treated and brought back into good condition. The remaining loans were voluntarily redeemed by the borrowers following the inspection reports.

The good farm-storage record is due mainly to the stringency of loan provisions covering storage. These provisions serve as a protection to both the borrower and the Government.

First of all, the farmer who wishes to borrow on farm-stored wheat must have had the wheat in the bin for 30 days. At the end of that time the wheat is inspected and graded. It must contain no more than 14-1/2 percent moisture if it is Hard Red Spring or durum wheat, and not more than 14 percent moisture in the case of wheat of other classes. Wheat grading No. 3 or better under the Federal Grain Standards is eligible for loans, and wheat grading 4 or 5 solely on the factor of test weight is also eligible.

Before a farm-storage loan is approved, the bins must be inspected to ascertain whether or not they are of sufficiently permanent or substantial construction to afford safe storage for a period of 2 years...

The bin must also be so constructed as to permit periodical inspection (and fumigation of the wheat, if necessary) throughout the loan period.

The bins are inspected periodically to protect the Government and to give the borrower up-to-date information on the condition of his bins. During the 1939 season, many producers received reports of weevil from the inspectors soon enough to enable them to sell their wheat without loss before there was any deterioration.

The borrower is responsible for keeping farm-stored collateral in good condition. In the event the wheat is delivered to the Commodity Credit Corporation in settlement of a loan, any deficiencies in quantity, grade, or quality are deducted from the storage allowance, and if this is not sufficient, the deficiency stands as a debt to the United States Government and deductions are made from any payments due the farmer in connection with other phases of the program.

Crop Insurance

Crop insurance for wheat guarantees participating farmers some wheat to sell every year, regardless of unavoidable crop losses. Through the program, the burden of crop losses is carried, not by the individual grower during a short period of time, but by wheat farmers all over the country over a long period.

ADMINISTRATION.- The wheat crop insurance program is administered by the Federal Crop Insurance Corporation, an agency of the United States Department of Agriculture, in cooperation with the Agricultural Adjustment Administration. Because the wheat crop insurance program contributes materially to the general welfare of agriculture, the Federal Government provides funds for administration and for storing the wheat reserve.

PROTECTION.- Wheat crop insurance guarantees the grower against loss of the crop from all unavoidable hazards, including drought, hail, wind, frost, winterkill, fire, disease, and insect and animal pests. It guarantees yield alone, not price or quality.

The guaranteed yield may be either 50 or 75 percent of the average yield of each individual farm insured. This average yield is determined from the actual average yield or from an appraisal of the yield for the farm for a representative base period.

COST.- Premiums for wheat crop insurance are based on the actual or appraised loss experience of the farm for the base period. This "loss cost" is blended with the loss experience of the county in which the farm is situated to smooth out the effect of any accidental losses which may have occurred on the farm during this base period, or, conversely, to reflect any general losses which this particular farm may have been spared in the base period.

RESERVES.- Premiums paid in by producers are invested in an

insurance reserve held by the Corporation in the form of actual wheat in storage. Indemnities are paid from the wheat reserves. The Corporation may build up the reserve only as growers pay premiums and may reduce it only as the wheat from the reserve is required to pay the losses of insured crops.

In addition to the reserve built up by premiums, Congress authorized a reserve capital stock of 100 million dollars, of which 40 million dollars has been appropriated. This capital stock provides a back-log to insure payment of indemnities if sufficient wheat is not in the wheat reserve to take care of all claims, a situation which may arise in years of below-average wheat crops. However, over a long-time period, premiums paid in are calculated to build up the wheat reserve until an approximate balance with indemnities paid out will be reached.

IN TERMS OF WHEAT.— An unusual and important feature of the crop insurance plan is that all operations are carried out in terms of actual bushels of wheat. Insurable yields and indemnity payments are calculated in terms of wheat, and premium payments are also stated in terms of wheat. Growers may pay in wheat with a warehouse receipt representing wheat in storage, or in the cash equivalent of wheat at the market price at the time the payment is due, or by assignment of agricultural conservation payments.

INSURANCE IN 1939.— In 1939 a harvest of wheat was insured on 7.2 million acres of land through the issuance of nearly 166,000 policies. Indemnities in excess of 10 million bushels were paid on about one-third of the policies.

INSURANCE IN 1940.— Nearly 380,000 contracts, more than 2-1/4 times the 1939 total, were in effect on the 1940 crop, insuring the production against all unavoidable hazards on approximately 12 million acres. The total guaranteed production was estimated at more than 106 million bushels. The premiums paid by insured growers were about 14.7 million bushels.

Up to October 11, 1940, approximately 90,000 claims had been made, representing about 24 percent of the 1940 contracts. Indemnities amounting to 18.6 million bushels had been paid by that date.

INSURANCE IN 1941.— A 65,000 increase over 1940 in the number of winter wheat insurance contracts was noted in the fall of 1940 when nearly 370,000 contracts were approved before the winter wheat application deadline, August 31. The contracts guarantee an estimated production of about 97 million bushels on more than 9 million acres. Paid premiums totaled more than 12 million bushels.

Marketing Quota

Under the AAA program the Government helps farmers to establish a

balanced, soil-conserving production. The Government also makes commodity loans to enable farmers to keep enough on hand for their welfare and for the safety of consumers. Several years of unusually good growing weather and high yields, however, might build up supplies of farm products to levels above the requirements of domestic consumers, above the possibilities for exports, and above any reasonable need for reserves against scarcity. This could happen even when acreage allotments, which are figured on the basis of average yields, are strictly observed.

To meet such situations, the act provides marketing quotas which may be used to regulate the volume of wheat moving into interstate commerce.

QUOTA LEVEL.- The act specifies that, whenever it appears that the total supply of wheat available during the next marketing year will exceed a normal year's domestic consumption and exports by more than 35 percent, the Secretary of Agriculture is obliged, not later than May 15, to declare a wheat marketing quota program in operation.

REFERENDUM.- After a wheat quota is proclaimed, however, and not later than the following June 10, a referendum must be held in which all farmers subject to quotas are eligible to vote.

The quota becomes effective only if two-thirds or more of the producers voting are in favor of its use. The wheat quota provisions apply to all farms except those on which the normal production of the current wheat acreage is less than 200 bushels.

FARM QUOTA.- When a national marketing quota becomes effective, the normal or actual production from each farm's acreage allotment may be marketed.

For each bushel of a crop marketed in excess of a farm's marketing quota the act prescribes a penalty of 15 cents a bushel, which is collected through the buyer of the product and turned in to the United States Treasury.

When a marketing quota is in effect, loans may be made available to producers to help them carry over that portion of the crop which cannot be marketed without a penalty.

EMERGENCIES.- Should a new and greater need for wheat develop during any marketing year for which a quota is in effect, the act provides for adjustment of the quota or complete suspension, if that is necessary to release the required wheat for market.

NO 1938 QUOTA.- There was no 1938 wheat marketing quota, since the act provided that no quota for wheat would go into effect during that year unless parity payments were made available prior to May 15, 1938. Such funds were not made available by that time.

1939 SUPPLY.- On May 16, 1939, available statistics of the

Department of Agriculture indicated a total wheat supply of 976 million bushels for the 1939-40 marketing year. The 1939 marketing quota level for that year, determined under provisions of the act, was 1,021 million bushels, which is 135 percent of 756 million bushels, a normal year's domestic consumption and exports. Since the total supply did not exceed the marketing quota level, a quota proclamation was not required for 1939-40.

1940 SUPPLY.- On May 14, 1940, it was estimated that the wheat supply for 1940-41 would be 949 million bushels. This supply was below the marketing quota level of 1,023 million bushels determined for 1940; therefore no marketing quota was proclaimed. The normal year's domestic consumption and exports of 758 million bushels used in the calculations was determined on the basis of average domestic consumption of 692 million bushels and exports of 66 million bushels during the 10-year period ending June 30, 1939.

Export Program

The wheat export program, an important emergency measure in the over-all national wheat program, is designed to maintain our fair share of the world wheat trade and to help ease the pressure of surplus resulting from shrinking world markets.

The export program,^{1/} launched in August 1938, was adopted after an unsuccessful attempt by the United States to get the surplus-producing countries to agree upon the distribution of the world wheat market. Other major wheat-producing countries were providing various degrees of subsidies in the scramble for world markets. With a large supply on hand, the United States faced a further loss of its share of the market unless aggressive action was taken.

EXPORTS IN 1938-39.- Under the 1938 program, the wheat portion of the combined wheat and flour export program operated through purchases in United States markets by the Federal Surplus Commodities Corporation (now the Surplus Marketing Administration) and resale of the wheat to United States exporters at prices enabling exporters to sell in world markets.

Flour exports were assisted by definite export payments made directly to United States exporters.

In 1938-39 export sales of United States wheat and flour totaled approximately 118 million bushels with about 107 million bushels actually exported by June 30, 1939. Of the total sales, about 93.7 million bushels were assisted through the export program at a cost of about 25.7 million dollars, or an average of about 27 cents a bushel.

EXPORTS IN 1939-40.- A revised program worked out for 1939-40 included three methods of assisting exports. First, the flour export

^{1/} For data about 1933-34 export program, see page 9.

plan was unchanged. Second, authority to buy and resell wheat was continued for use in handling Commodity Credit Corporation loan wheat taken over by the FSCC. Third, other wheat exports were assisted through direct payments to United States exporters under a bid-payment plan. Export payments are determined on the basis of the differentials existing between the domestic wheat price and world prices and the cost of transportation to world markets. Consideration is also given such factors as class of wheat, port of exportation, and ocean freight differentials.

Because of changing conditions in the fall of 1939, an announcement was made December 29, 1939, restricting export operations. Assistance was limited to exports of flour from Pacific Coast ports to the Philippine Islands. On January 19, 1940, the programs were extended to include exports of flour from the same ports to China and Hong Kong, as well as to the Philippines, and of wheat to the same three destinations. Further extension, to permit contracts for export of wheat from the Pacific Coast to European destinations, was made effective on March 12, 1940. These extensions were all designed to assist in finding additional outlets for the Northwest wheat surplus. During the period from July 1, 1939, through June 30, 1940, contracts for the exportation of 35 million bushels of wheat and wheat in the form of flour were made under the export program. Of this total, contracts for the export of about 10.6 million bushels were made after December 29, 1939. Export benefit payments in the second half of the marketing year averaged about 26 cents a bushel.

Total exports of wheat and flour during the 1939-40 marketing year were 48 million bushels.

EXPORTS IN 1940-41.— The wheat and flour export program was continued into 1940-41 on the same basis of its operation during the latter part of 1939-40. All the Americas and adjacent islands were added to the list of destinations to which shipments of flour, from anywhere in the continental United States, can be assisted. Subsidies on exports from Northwest ports of China and Hong Kong were discontinued on October 8, 1940.

During the first 2 months of the 1940-41 marketing season, all exports, including both assisted and unassisted shipments, amounted to only 6.7 million bushels. In the comparable period of 1939-40 and 1938-39 they totaled 16.2 million and 24.4 million, bushels, respectively.

In mid-October, 1940, the export indemnity required to export wheat to Europe was about 26 cents from Gulf ports and 22 cents from Pacific ports, as compared with about 30 cents a year earlier.

Encouraging Greater Use of Surpluses

Greater use of surplus commodities is one objective of the national farm program. This has taken the form of research for new uses and programs to help needy persons buy surplus products.

RESEARCH.- To develop new and expanded industrial uses for farm products, including wheat, the Agricultural Adjustment Act of 1938 authorized the establishment of four regional laboratories to conduct research.

Studies in connection with wheat have been assigned to the laboratories which are now being built at Peoria, Illinois, and Albany, California.

SUPPLIES FOR RELIEF.- Because the development of new uses is necessarily slow, the Government has supplemented the adjustment features of the program with other efforts to expand the farmer's market. For several years the Department of Agriculture has cooperated with relief agencies in distributing free supplies of food to the destitute. The Surplus Marketing Administration (until July 1940, the Federal Surplus Commodities Corporation) had included wheat products among its surplus purchases for distribution to persons on relief who are unable to buy sufficient food.

From October 1933, when surplus purchases were begun, until July 1, 1938, the Corporation purchased 22 million dollars worth of wheat products for distribution to the needy. This included 40 million pounds of wheat cereal, 500,000 bushels of wheat for milk wheato, 2 million barrels of wheat flour, 10 million bushels of wheat for flour, and 269,000 barrels of whole-wheat flour.

Purchases during 1938-39 included 840,000 barrels of wheat cereal, 315,000 barrels of graham flour, and 908,000 barrels of white flour, at a total cost of 6 million dollars.

During the 1939-40 fiscal year, purchases of surplus wheat products amounted to 19 million dollars and included 670,000 barrels of wheat cereal, 1.7 million barrels of graham flour, and 2.8 million barrels of white flour.

These wheat products are distributed carefully to prevent resale or any other competition with commercial sales. State agencies are required to distribute the products to relief families in addition to, and not in substitution for, commodities which they already buy or receive locally.

STAMP PLAN.- Another phase of the program for distributing surpluses to low-income groups, developed in 1939, is known as the Food Stamp Plan.

In the areas where the plan is in operation certain low-income groups receive a 50-percent increase in their food purchases through surplus-food stamps furnished by the Government. These food stamps may be used for cash in purchasing designated surplus foodstuffs in any participating market or other established retail food store in any area in which the plan is operating.

Wheat products which have been included in the official stamp plan's surplus foods list are wheat flour and whole-wheat or graham flour.

Payments

Protection of farm income is a vital purpose of the AAA farm program. It seeks to give farmers a larger and steadier share in the national income. In addition to the measures already described, payments to augment incomes are offered to farmers who cooperate with the farm program.

Thus a wheat farmer may earn payments of two types: Conservation payments, and parity payments.

CONSERVATION PAYMENTS.— The conservation payments, in turn, fall into two classifications. In the first are payments to producers who adjust the acreage of specified soil-depleting crops, such as wheat. In the second classification are payments for adopting specified soil-building practices. The act requires that funds available for such conservation payments be divided among the crops on the basis of the adjustment required, their past average acreage, and the parity value of the acreage allotment payments offered farmers for adopting specified soil-building practices.

In 1938 the wheat conservation rate was 12 cents a bushel on the normal yield of the acreage allotment, and wheat farmers earned a total of 50 million dollars for complying with the program. The 1939 conservation wheat rate was 17 cents and wheat farmers earned a total of 84 million dollars. These payments are in addition to amounts earned for carrying out soil-building practices.

The preliminary 1940 wheat conservation rate was 9 cents a bushel on the normal yield of the acreage allotment. Following the program sign-up, however, an increase in participation above preliminary estimates was indicated, and consequently a 10 percent reduction in the rate of payment was announced.

PARITY PAYMENTS.— In seeking to give agriculture a fairer share of the national income, the objective of the farm program is "parity" price for the things the farmer produces. For the wheat farmer, parity is the price he must get for a bushel of wheat in order to have the same purchasing power he had in the pre-war period, 1909-1914.

If and when appropriations are made for them, the 1938 act authorizes parity payments to help establish farm income and purchasing power nearer the pre-war level. Funds which are appropriated for parity payments are apportioned among the five basic crops on the basis of the amount by which each failed to reach parity income for that commodity in the previous marketing year. The payment to the farmer is then made contingent upon compliance with his acreage allotments.

Congress appropriated 212 million dollars for parity payments in connection with the 1939 program. Wheat farmers earned 54 million dollars at a rate of 11 cents a bushel on the normal yield of their acreage allotments.

The 1940 appropriation was 225 million dollars. Of this, 59 million dollars was allocated to the wheat program in accordance with the formula set up in the act. The wheat parity payment rate was 10 cents.

A total of 212 million dollars has been appropriated for 1941.

Protected Income

1939 INCOME.— In 1939 farmers who seeded within their wheat allotments earned a parity payment of 11 cents and a conservation payment of 17 cents per bushel, both based on the normal yield of their allotments. In addition, they were eligible to place their wheat under loan. Since the average 1939 loan value to farmers was 63.3 cents, cooperating wheat farmers were assured, on the average, at least 91 cents a bushel on their normal yields. However, a farmer who stored his wheat under loan until April could have sold it for an average price of 88.9 cents. This, together with the 28-cent AAA payment, totals \$1.17, out of which the farmer paid 3 percent interest on his loan, storage, and other charges.

In the calendar year 1939, cash farm income from wheat, including Government payments, was estimated at 535 million dollars, while in 1938 it totaled 446 million dollars and in 1932 only 200 million dollars. Wheat production was approximately the same in 1939 as in 1932.

Cash income from wheat in 1939, including Government payments, was thus more than double that in 1932.

1940 INCOME.— With a conservation payment of 8.1 cents a bushel and a parity payment of 10 cents a bushel, farmers who cooperated with their 1940 wheat acreage allotments earned payments totaling slightly more than 18 cents a bushel on the normal yield of their acreage allotments.

With an average loan value of at least 63 cents a bushel and 1940 conservation and parity payments of 18 cents a bushel, wheat farmers cooperating in the AAA program in 1940 are assured, on the average, of a return at the farm of at least 81 cents a bushel, regardless of market prices.

Conservation

The provisions of the AAA program relating to wheat are an integral part of the over-all conservation program. The major wheat problems are surpluses and depressed income, and these are likewise conservation problems.

A farmer who grows more soil-depleting crops than he can sell at a fair price robs himself of his capital by wasting his soil fertility and his labor. Consequently, balanced production and guaranteed supplies through the wheat acreage allotment and other Ever-Normal Granary provisions of the program are direct steps toward soil conservation.

In addition to saving soil by limiting overproduction, the wheat farmer has the same opportunity as other farmers in the program to build up his land further with soil-building practices which are suitable to his farm or to the area.

Administration

Administration of the AAA farm program, including the provisions dealing with wheat, is in the hands of cooperating county and community farmer committees elected by local fellow farmers. As with all who cooperate with the AAA, participating wheat farmers help pay local administrative expenses out of their AAA payments.

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CHAPTER 4 - WAR AND THE WHEAT FARMER

In appraising the problems facing the American wheat farmer today, with most of the world again at war, a study of the situation during World War I is significant. Because of changed conditions and new forces at work in the world, however, conclusions cannot be reached simply on the basis of a comparison of the situation then and now.

The differences are not all unfavorable. Today, for example, American agriculture is in a much better position to carry out programs of adjustment which may be necessary as a result of the war. In contrast to the World War I period, farmers in almost every county in the United States are now organized for quick action in dealing with problems of production, conservation, credit, and rural welfare. Whatever the demands upon agriculture, these organized groups of farmers can move swiftly. They are equipped to bring about speedily either an increase or decrease in production, and to administer whatever program of action is called for.

Wheat in World War I and II

WORLD SUPPLY.- In 1914, at the outbreak of World War I, the world had a wheat supply of about 3.5 billion bushels. This was 1.9 billion bushels smaller than the world wheat supply at the outbreak of World War II in 1939. The 1939-40 world supply was 5.4 billion bushels, an increase of 54 percent over 1914, and the largest on record.

World supplies increased in 1915 to 4.2 billion bushels, and to 4.6 billion bushels in 1916.

WORLD SHIPMENTS.- Compared with average shipments of 416 million bushels in 1934-38 and 451 million bushels in 1938-39, shipments to European countries in 1914-15 were 504 million bushels. With a large crop in surplus-producing countries, shipments in 1915-16 rose to 516 million bushels; then with a small crop in these countries in 1916 they declined to 498 million bushels.

Unusually large exports from the United States were possible in 1914, and again in the first half of 1915, because of very small crops in Canada and Australia and a record crop in the United States. In contrast to that situation, Canada alone now has large enough supplies to fill all prospective world trade outlets in 1940-41.

European takings of United States wheat and flour have declined since about 1924, and in recent years have averaged considerably below the 1910-14 average. In contrast with the World War I period, the United States now faces greatly increased competition, particularly in the important United Kingdom market, which may be expected to favor Canada.

DOMESTIC PRICES.— Prices of wheat received by growers in the United States averaged 85 cents in August 1914, the month in which World War I was declared. In September 1914 they averaged 93 cents, in October 95 cents, in November 98 cents, and in December 103 cents. This advance was largely a reflection of the very small crop in Canada that year. Subsequently there was a crop failure in Australia and prices advanced to \$1.36 in April and May 1915. Then they declined and remained lower throughout that year.

In 1915 the United States wheat crop at 1,009 million bushels, and the world wheat crop at 3,520 million bushels, were both the highest on record up to that time, and prices averaged slightly lower than for the previous year.

The 1916 crop was the first to sell for materially higher prices following the outbreak of the war in 1914. In 1916-17 world production dropped below average consumption levels, and there was a sharp rise in the general price level.

Throughout the entire period of World War I, conditions differed greatly from those of the present. World supplies are now much larger. Importing countries, for the most part, are better prepared from the standpoint of wheat supplies, and stricter control of trade is exercised by belligerents and neutrals alike. There is nothing in the present outlook to support an assumption that wheat prices will follow a course similar to that of the 1914-1919 period.

Our entry into the war in 1917 was accompanied by a growing pressure to get every acre of land into food production to help our allies. Now, in 1940, we and the world have great surpluses of food and fiber on our hands. World markets have shrunk. The pressure this time is in the opposite direction from that of 1917.

War Measures ^{1/} and the Farm Market

Events following the outbreak of World War II have intensified the difficulties for United States exports of wheat and other farm products. One after another of the European countries has carried out wartime control measures or for other reasons have cut down American imports. On the one hand, belligerents have virtually ceased buying our agricultural products, and, on the other, the neutral countries in Europe have been largely shut off as export outlets as the result of blockade and military operations. There are two main reasons for these developments

In the first place, the belligerents have been preparing for some time to do with a minimum of imported agricultural commodities. In preparation for war, a number of them made the achievement of agricultural self-sufficiency an important official objective.

^{1/} For additional material on war measures in foreign countries see Chapter VI.

In the second place, World War II is "total." From the very outset, the conflicting parties have concentrated on the effort to prevent supplies from reaching the enemy. This they have done by blockade and the interruption of transportation facilities of all kinds. Moreover, they have conserved their own resources for war needs. They have rationed consumption of products usually imported, have diverted the purchases of indispensable imports to countries willing to accept controlled national currencies instead of free exchange, and have purchased foreign orders through government-purchasing agencies able to bargain for the lowest available prices.

It appears that, while distress may possibly drive belligerents to increase their purchases of our agricultural surpluses, any considerable restoration of our markets in the belligerent countries is unlikely as long as present conditions exist.

First Year of World War II

During its first year, World War II has greatly affected the foreign trade of the United States. Broadly stated, our exports of agricultural commodities have suffered severe losses, while our industrial exports have climbed. On the side of imports, the influence of the war has been relatively small, although raw-material imports have been somewhat increased as a result of war stimulation to United States industry.

A striking thing about the situation as a whole is its great difference from that which prevailed during World War I. Then, our foodstuff exports were greatly stimulated, although this effect was felt mainly after 2 or 3 years of war. In the present case, however, foodstuffs exports, almost from the beginning, have been severely curtailed, and there is little prospect for a reversal of this development while the war continues.

WHEAT.— Exports of wheat from the United States fell off about 76 percent in the first year of World War II as compared with the year before. They were about 62 percent less than their average for the like period during the 10 years 1929-1938.

The reduction in exports to the American wheat farmer's biggest customer accounted for a large part of the decrease. Instead of buying approximately 25 million bushels as during the year before the war, the United Kingdom took slightly less than 3 million bushels in the first year of the war. Only three countries (Russia, Norway, and Italy) increased their imports of United States wheat during the period. However, the total increase for all three did not exceed 8 million bushels.

An indication of what the United States wheat trade might be like during the current year is the trend in July and August 1940. Exports were less than 7 million bushels as compared with 16 million for the two months in 1939 and 24 million for the same period in 1938.

With Europe's continental markets closed and shipments to the British Isles drastically reduced, less than 31 percent of the total was destined for Europe, as against 48 percent in 1939 and 83 percent in 1938.

NONAGRICULTURAL EXPORTS.- Exports of nonagricultural products, unlike those of most farm products, have been greatly expanded as a result of World War II. The increase has occurred largely in items urgently needed for the conduct of the war. Moreover, there has been a substantial increase in United States exports of nonagricultural products to countries, particularly those of Latin America, where competition with products of the belligerent countries is less severe than it was before the war.

To the extent that this expansion in non-farm trade supports a higher level of industrial activity and employment in the United States than would otherwise prevail, it improves the domestic market for United States farm products, but such an improvement is more likely to affect prices for foods other than wheat, the price of which is already above world price levels.

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CHAPTER 5. THE CURRENT SITUATION

The World Situation

At the opening of the 1940-41 marketing year, large supplies and restricted trade were dominant factors in the world wheat situation. World wheat supplies were estimated to be about 50 million bushels under 1939-40, when they totaled about 5,445 million bushels, the largest supply on record.

International trade in wheat continued to be hampered by import controls and war blockade. In 1939-40 trade was about two-thirds the 1928-29 peak of nearly 950 million bushels, and in 1940-41 it may be less than one-half of that peak.

With the discontinuance of information on the wheat situation formerly received from many countries, available estimates are at best only indications.

WORLD CARRYOVER. -- The world carryover July 1, 1940 has been estimated at 1,390 million bushels, the largest carryover in world history. It exceeds by about 215 million bushels the carryover of the previous year, is more than twice as large as that of 1938, and one-fifth larger than the carryover in July 1939.

WORLD PRODUCTION. -- The 1940 world wheat production has been estimated at about 3,997 million bushels, which is about 6 percent below the 1939 crop and about 14 percent below the record 1938 production.

WORLD TRADE. -- Were it not for European military and political conditions, the 1940-41 world trade in wheat and flour probably would be well above that of any recent year as a result of Europe's poor crop. A continuation of the blockade and present governmental policies in surplus countries, however, will greatly restrict the trade. On this basis, takings by European countries may run between 250 million and 275 million bushels and those by non-European countries may amount to 150 million bushels, making a total of from 400 million to 425 million bushels.

During the last 8 years, world shipments of wheat have averaged only 545 million bushels. Of this amount, non-European countries took 125 million bushels; the British Isles, 210 million bushels; and other European countries, 210 million bushels.

CONSUMPTION. -- World consumption of wheat in 1939-40 has been estimated at 4,053 million bushels, compared with 4,066 million bushels a year earlier. Annual world consumption during the 1930's averaged 3,800 million bushels, as compared with 3,485 million bushels in the 1920's.

WORLD PRICE. -- The world price of wheat for 1939-40, as indicated by the average price per bushel of British parcels (prices since September 2, 1939, computed on basis of prices in exporting countries and convoyed ocean freight rates), was 70 cents a bushel, 2 cents higher than the average for 1938-39. This price would have resulted in average prices to the United States farmer of about 40 cents a bushel if we had not been protected from world conditions.

Current United States Wheat Situation

CARRYOVER. -- Stocks of old wheat in the United States on July 1, 1940, have been estimated at 284 million bushels. This figure includes 13 million bushels in the insurance reserve, and is more than twice the average carryover in the 1920's.

During the 10-year period 1930-39, the carryover of old wheat in the United States averaged about 230 million bushels. The period included a record peak of about 360 million bushels in 1933 and a low in 1937 of about 83 million bushels, the lowest since 1919.

Stocks of commercial bread-milling types---hard red winter and hard red spring---are abundant, comprising 220 million bushels out of the total 284 million bushel carryover.

PRODUCTION. -- A total 1940 wheat crop of 792 million bushels was indicated by October 1 reports on yield per acre and condition. This is nearly 5 percent above both last year's crop of 755 million bushels and the 10-year (1929-38) average of 755 million bushels. The indicated yield of 15 bushels per harvested acre for all wheat is above last year's yield of 14.1 bushels and well over the 10-year average of 13.2 bushels.

SUPPLIES. -- With a carryover on July 1, 1940, of 284 million bushels and a crop of about 792 million bushels, the total wheat supply in 1940-41 accordingly will be about 1,076 million bushels. With domestic disappearance expected to be about 700 million bushels, about 376 million bushels will be available for export in 1940-41 or for carryover on July 1, 1941.

EXPORTS. -- Export prospects for 1940-41 are very uncertain. However, on the basis of present prospects, exports of wheat and flour may amount to the equivalent of about 25 million bushels. In 1939-40 about 45 million bushels were exported, as compared with average annual exports of 54 million bushels in the decade of the 1930's and 194 million in the 1920's.

PRICES. -- Domestic wheat prices to growers in 1939-40 on the basis of weighted averages ... 69.1 cents. This is 13 cents higher than the year before, a greater increase than was shown in the British markets.

Since September 1938, United States prices have been relatively high compared with values at Liverpool. For example, in 1937-38, No. 2 Hard Winter at Kansas City averaged 26.5 cents below prices of parcels at Liverpool, and over the 6 years 1926-27 to 1931-32 they averaged 15 cents below prices at Liverpool. From October 1938 to June 1939, however, No. 2 Hard Winter at Kansas City averaged 5.3 cents above prices of parcels at Liverpool. Because British markets have been closed since September 2, 1939, prices at Liverpool for the 1939-40 year are not available. However, using values computed on the basis of prices in exporting countries and convoyed ocean freight rates, it is estimated that prices of No. 2 Hard Winter at Kansas City have averaged about 6 cents above the prices of wheat parcels at Liverpool.

Computed on the basis of export price values, the export indemnity required to export wheat to Europe in mid-October 1940 was about 22 cents a bushel from the Pacific Coast and about 26 cents from the Gulf, compared with about 30 cents from both ports the year before.

With the turn of events in Europe since May, wheat prices in the United States, to a considerable extent, have become independent of prices in other countries. As the 1940 crop was being harvested the dominant price influence was the loan program. A large proportion of receipts at markets has been placed in storage, reducing the quantity of wheat available at prices materially below loan values. In mid-October 1940, for example, white wheat at Portland was about 1.5 cents above the loan rate, red at St. Louis and hard winter at Kansas City were about 9.5 and 3.1 cents over the loan, respectively, and hard spring at Minneapolis, about 3.8 cents below.

Price developments in 1939-40 were generally advantageous to growers who stored their wheat. In July and August, wheat prices at Kansas City and Minneapolis averaged 9 to 12 cents below loan values. For a brief time during that period the difference was as great as 20 cents a bushel in some markets. In September, October, and November, prices at Kansas City averaged about 8 cents above loan values, while those at Minneapolis averaged about 4 cents above. After the sharp advance in December, prices at Kansas City for the 5 months December-April averaged 24 cents above loan values, and those at Minneapolis for the same period about 18 cents above.

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CHAPTER 6 - WHEAT IN OTHER COUNTRIES

Since the United States wheat farmer is traditionally an exporter, he has long been concerned with wheat crop prospects throughout the world. The price of the wheat he has sold abroad frequently is influenced by crop conditions in countries which are competing for the same world market, or an unusual year in importing countries may affect the demand for all the exporters.

In the last two decades, however, another factor has been of increasing concern to the exporting farmer. In country after country, governments by choice or necessity have adopted policies of closer supervision over their wheat industry and wheat trade.

The increased competition, the decreased markets, and the growing trade barriers in the world today are results of many of these policies, and the wheat farmer producing wheat for export finds these policies reflected in smaller sales, mounting carryovers, and depressed prices, unless counter steps are taken to protect him.

Canada's Program and Current Situation

FIXED PRICE.— A Wheat Board which offers to buy wheat from the producer at a fixed price is the basis of the Canadian wheat program. As the program was operated in 1939, the Board purchased up to 5,000 bushels from a producer at 70 cents a bushel on the basis of No. 1 Northern Spring delivered at Fort William, Port Arthur, or Vancouver. This price is estimated to have averaged about 52 cents on 1939 wheat for the prairie provinces generally. However, the bulk of the wheat last season appears to have been sold in the open market rather than to the Wheat Board because the market price was above the fixed price most of the year.

The policy announced for 1940-41 continues the initial payment of 70 cents a bushel to producers, on the basis of deliveries at Fort William, Port Arthur, or Vancouver, but the 5,000-bushel limitation previously placed on deliveries by individual growers has been removed. Prices in the Winnipeg wheat futures market are pegged near the levels at the beginning of this marketing season.

PROCESSING TAX.— An important new feature of Canada's wheat policy is the imposition of a processing tax of 15 cents a bushel on all wheat converted into products used for human consumption. The levy does not apply to products made for export.

About one-fourth of the domestic crop is expected to come under this ruling, and the proceeds therefrom are payable to the Wheat Board, which will use them to augment the revenue derived from the sale of wheat delivered by Canadian farmers.

LIMITED SALES.— Because of the inadequacy of storage space, quotas were set up for early deliveries of wheat. Altogether Canada can handle between 425 million and 450 million bushels of grain in the usual storage facilities. With 270 million bushels of the wheat carryover already in storage when the new crop was being harvested, however, the remaining space available was only about 160 million bushels.

First deliveries of the season were limited to 5 bushels per seeded acre as a means of allocating all storage space equitably among the producers. Later this was increased to 8 bushels with further increases made in areas where space permitted additional deliveries. As the season advanced, some increases in the amount delivered were permitted.

STORAGE ALLOWANCE.— As compensation to growers for holding wheat on their farms, the Wheat Board has offered to pay a farm storage allowance of $1/45$ of a cent per bushel a day, amounting to about $2/3$ of a cent per bushel a month, effective for a 9-month period.

OTHER STORAGE MEASURES.— It is expected that a large part of the 1940 wheat crop of Canada will have to be stored on farms throughout the entire marketing year and that public storage facilities will still be full when the 1941 crop is harvested. Part of the effort to meet the situation is the encouraging of farmers to leave stacks of wheat unthreshed, to store grain in sheds or any other available farm buildings, and to pile grain outdoors in improvised enclosures.

To relieve the pressure on public warehouses and elevators, the utilization of available buildings as annexes has been authorized, and a program for erecting 400 temporary buildings for this purpose by the Saskatchewan Pool Elevators, Limited, has been inaugurated.

The Canadian Agricultural Supplies Board has arranged for the allocation of space for storing 4 million bushels of feed grain at points along the Saint Lawrence River, in order that eastern farmers may obtain western grain before the close of inland navigation, and the Nova Scotia Department of Agriculture has advised the dairy farmers to buy their winter supplies of feed grain early to avoid the risk of higher prices later on and to help in alleviating the storage problem.

Despite these measures, it is estimated that only 260 million bushels of western wheat can be delivered before the close of navigation and that about 100 million bushels will still remain on farms at the beginning of the next marketing season, August 1, 1941.

ACREAGE.-- The total acreage sown to wheat for 1940 harvest in Canada was 28.7 million acres, as compared with the 26.7 million acres in 1939.

SUPPLIES.-- The Canadian carryover of old wheat on August 1, 1940, has been estimated at 301 million bushels. This is an increase of about 157 million bushels over the previous year. The Canadian 1940 crop has been estimated at 561 million bushels, second only to the 567 million bushel crop in 1928. In recent years, Canadian crops have averaged around 350 million bushels.

On the basis of the carryover and the prospective 1940 crop, Canada will have a total supply of about 862 million bushels.

After deducting 130 million bushels for domestic consumption (a figure above average), there will remain 732 million bushels available for export or carryover. In other words, the Canadian surplus supplies will probably be sufficient to take care of total world trade under war conditions and still leave a large carryover.

EXPORTS.-- During 1939-40, Canada exported 210 million bushels of wheat, or nearly a third of the total reported for the principal exporting countries of the world, as compared with 160 million bushels in 1938-39.

Governmental Policies of Other Exporters

In addition to the United States and Canada, the principal wheat exporters have included Australia, Argentina, and the Danube Basin countries.

The central objectives of the agricultural policies in these surplus countries have been directed toward (1) finding foreign outlets for production grown in excess of domestic requirements, and (2) maintenance of prices when world market conditions were greatly depressed.

This policy has often involved some type of export bounty or subsidy. In some countries, notably Canada and Argentina, minimum price guaranty schemes have been used. In general, marketing controls, some form of benefit payments to farmers, price fixing or price control, pooling operations, and more liberal credit facilities have, in varying degrees, featured agricultural policy in most of the surplus-producing countries.

Trade agreements with other foreign countries have been used by many of the surplus-producing countries to promote farm exports, taking the form of tariff reductions, enlarged shares of import quotas, more favorable foreign-exchange allocations, or similar trade concessions.

A universal feature of farm aid in the surplus-producing countries during the past decade appears to have been currency depreciation, which has occurred in all agricultural exporting countries since the beginning of the world economic depression. Such action in several cases has contributed toward the maintenance of farm prices at higher levels in terms of national currencies.

SOUTHERN HEMISPHERE PROSPECTS.- Prospects for the current wheat crop of the Southern Hemisphere are not bright. Present indications suggest a total out-turn for Argentina, Australia, and the Union of South Africa somewhat short of the small harvest of 345 million bushels reported by these countries in 1939-40 and about 25 percent below the average of the past 10 years.

Although the total for 1940-41 may not be greatly changed from that of the previous year, the distribution will be different. In 1939-40, Argentina harvested a below-average crop, whereas Australia's production exceeded the usual out-turn; this year the reverse is expected. In the Union of South Africa, which is relatively unimportant as a wheat producer, a crop equal to or somewhat better than average seems likely.

Wheat available for export from the 1940-41 wheat crop of the Southern Hemisphere may fall as much as 50 million bushels or more short of the exportable supplies from the 1939-40 crop as a result of the change in the distribution of the crop. Argentina has little or no carryover but has a fairly good crop and as a result has more than 10 million bushels available for export or carryover. This is far below the 165 million bushels available a year earlier but the difference is partially made up in Australia. With old-crop stocks apparently of record size and a small harvest, Australia has 135 million bushels available for export or carryover as compared with 49 million bushels a year earlier. The supply situation in the Southern Hemisphere appears, therefore, more favorable for exportation next year than might be assumed from present crop prospects.

DANUBIAN COUNTRIES.- Production in the Danubian countries is estimated at 300 million bushels. This is a reduction of about one-third from the large 1939 harvest. The estimate of 300 million bushels includes Bessarabia and northern Bukovina, territory now ceded to the Soviet Union. This area normally produces about 20 percent of the Rumanian crop, but this year it appears to account for a somewhat larger share of that country's total.

The harvest in the Soviet Union has been officially stated as above those in either of the past two seasons, with the most favorable reports coming from the Black Sea region.

The Major Wheat Importers

The United Kingdom, western Europe, and the Orient are the major wheat importing areas. The main emphasis in agricultural policy in these countries, particularly Germany and Italy, has been on the protection of their farmers from foreign competition, and on the achievement of a high degree of agricultural self-sufficiency. Since the outbreak of the present war, the United Kingdom has adopted an emergency program of enlarged farm output.

High protective tariffs, import quotas, and price fixing for home-produced commodities at levels well above world market prices have been outstanding features of government aid to agriculture in most of the deficit countries. Maintaining a high domestic price level for a product of which there is a national shortage is far easier than maintaining prices in a surplus-producing country where the excess production is disposed of at world-market prices.

In the United Kingdom, for instance, domestic wheat production supplies only about one-fourth of that country's total wheat requirements. Domestic production was subsidized by a high guaranteed price even before the outbreak of the present war and since then the subsidy has been further increased. The subsidy payments were financed until recently by an excise tax on all flour consumed in the United Kingdom.

Farmer-elected marketing (or control) boards for the establishment of marketing schemes are an important feature of the United Kingdom's farm program.

Since the beginning of the war a further expansion of acreage has been encouraged through bonuses for plowing up grasslands. Full control over the grain trade and imports has also been established by the Government.

Germany is the outstanding example of a totalitarian deficit country. It is now almost self-sufficient for wheat and especially rye which is the principal bread grain. A large acreage and high yields of these grains have been encouraged by high fixed prices. An elaborate system of market control is also in force to make the prices effective, provide for orderly marketing, and permit the government to establish and maintain reserve stocks. Foreign trade is also strictly controlled and an important feature of the grain trade in recent years has been the barter deals with the Danube and other countries.

Certain features of the German farm control program or variations of it, have also been practiced in Italy and Soviet Russia.

EUROPE.- Wheat production in European countries, not including the Soviet Union, appears to have totaled around 1.4 billion bushels during 1940, or about 20 percent below that for 1939 and nearly 11 percent under the 1933-37 average.

The greatest reductions occurred in western northern, and southeastern Europe, where smaller acreages remained for harvest and yields were low. Adverse weather during the fall seeding season, severe cold during the winter, a very late spring, heavy floods in some areas, and generally disrupted labor conditions combined to make the crop year abnormal. The most favorable conditions prevailed in southern Europe; but, with the exception of Spain (where some recovery took place from reduced crops of the 2 previous war years) and the British Isles (where a greatly increased acreage offset somewhat smaller yields per acre), there is no indication that wheat production was increased in any part of Europe.

A reduction similar to that in Europe also occurred in North Africa.

ORIENT.- The 1940 wheat crop of the Orient is estimated at about 792 million bushels. Manchurian production will probably not come up to earlier expectations because of excessive rains and hailstorms in important producing areas, and a downward revision of the first official estimate of Japan is expected. Prospects for imports of foreign wheat appear uncertain. Sporadic bookings of United States and Australian wheat may be made, but the volume of foreign purchases will depend on price and exchange factors.

Effect Upon United States Agriculture

These foreign farm programs are the expression of the prevalent economic nationalism. Their cumulative effect on United States farmers since 1929 has been a heavy reduction in the total value and volume of American farm exports, particularly to Europe, which had previously taken between 70 and 80 percent of our wheat exports.

On the one hand, world wheat-exporting countries since the 1920's have materially increased annual export supplies so that wheat available for export now usually totals from 900 million to 1 billion bushels annually.

Current world import requirements, on the other hand, are about 550 million bushels. In 1940-41 they are expected to be only about 400 million to possibly 425 million bushels.

The American farm program has been built in part to counteract the effects of these foreign farm programs and of the forces of nationalism behind them. The American program has some features similar to the programs in other countries, such as loans for supporting prices, the benefit payments, and the export subsidies.

But the United States program is unlike that of the other principal exporters in its emphasis on conservation, in its Ever-Normal Granary for providing abundance at all times, and in its efforts to increase domestic consumption through the stamp plan and through research for new uses for farm products.

The American program differs from the others, too, in that it adjusts acreage roughly in line with available markets as well as with sound conservation farming. This is not in contradiction to the theory expressed by many American businessmen who govern their production largely by what can be sold profitably; in contrast to industry, however, agriculture operates under a program which provides for surplus adjustment while producing enough for all our needs plus abundant reserves. Most important, the American program is voluntary, in contrast with the compulsory programs of many of the other countries. The American program is in the hands of farmers, as befits a democracy.

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CHAPTER 7 - THE WHEAT FARMER LOOKS AT THE FUTURE

As United States farmers shape a wheat policy for the future, two factors must be considered: First, this country has consistently produced more wheat than our own people could consume; and second, world developments have reduced our opportunities for exporting wheat on the scale we have in the past. These two facts were highlighted in the early 1930's, when our production of wheat continued as if we were supplying a fifth of the world's needs, whereas in reality our exports had fallen off drastically. The surpluses and depressed wheat prices which resulted demonstrated the fallacy of producing for a world market which has disappeared.

Under such conditions, three alternative courses present themselves: (1) We must re-create the opportunities for export, (2) we must withdraw from the world wheat trade, or (3) we must work out a middle-of-the-road course between these two extremes.

Reviving Export Trade

Major difficulties face efforts to reopen opportunities for export in the immediate future.

IMPORT BARRIERS.— One of these obstacles is the world-wide growth of trade barriers. Free trading has been virtually eliminated by such import restrictions as exchange control, tariffs, license, or import permit systems, and milling and baking regulations and, as regards certain countries, clearing, barter, or preferential agreements and government deals. Such developments have not been unfavorable to all countries; on the contrary, for those exporters receiving preferential treatment through special tariffs, currency regulations, barter, or otherwise, the wheat trade and industry is placed on a relatively stable basis admitting of increases when the market permits.

Among the exporting countries which have been enjoying preferential market and trade conditions are those of the Danube Basin, the Near East, North Africa, and, more recently, Russian and the British Empire countries.

World reconstruction after World War II may reverse the trend of such trade operations, but regardless of who wins the war it is not likely that world wheat trade will soon return to a purely economic basis with price and quality the chief market factors.

CREDITS.-- Even were trade barriers eliminated, other obstacles to the restoration of our former wheat export trade present themselves. One of these is the matter of credits. To buy wheat from us, the importers must have some means of paying us, but our transition during the last war from a debtor to a creditor nation has made this difficult. Whether the United States would be willing to change its import policy to permit foreign customers to build up credits in this country for purchases of wheat and other products is a question not yet answered.

LOANS.-- Credits constitute no new trade difficulty. We were faced with this difficulty immediately after World War I. In the 1920's we solved the problem by embarking upon a lending policy to enable other countries to buy from us. This, however, is at best a temporary stopgap, and, in view of the foreign debts now owed us, another lending policy is not likely to be proposed, at least as a permanent solution.

TRADE AGREEMENTS.-- Before the outbreak of World War II negotiations were under way for an international wheat agreement which would have allocated the world trade among the exporting countries. Such an agreement is an objective that may be attained after the war, but in any case its success depends partly on whether or not importing nations are willing to reduce their wheat acreages and depend to a larger degree upon supplies from overseas. If they should be so disposed, undoubtedly they will demand in return that their exports be taken by the wheat-exporting countries.

Even if we are able by means of reciprocal trade agreements or an international wheat agreement to assure ourselves of a reasonable volume of exports, it is not likely that we shall be able to sell this wheat at a price anywhere approaching parity, since the purchasing power of the wheat-importing countries may be expected to be low for many years.

SUBSIDIES.-- In the last few years the United States has carried on its fight in the face of increased competition for shrinking export markets by an emergency program of export subsidies. The program has been frankly temporary, while efforts have been under way to regain export outlets through restoration of free trading. However, in the light of the present situation and the prospects for the immediate future, it is doubtful that the United States can expect to export any appreciable amount of wheat without continuation of an aggressive export program.

Withdrawing to Domestic Basis

A second course in charting a wheat policy under present conditions might be withdrawal as a major exporter through adjustment of production to domestic needs.

DOMESTIC NEEDS.-- The United States has required about 650 million to 700 million bushels of wheat annually for domestic use. With normal yields, we can produce this quantity of wheat on about 55 million to 59 million acres, a low acreage on the basis of the last decade, during which period the acreage seeded has varied from 63.6 million acres in 1934 to an all-time record of 81.1 million acres in 1937.

In 1939, because of the large supplies of wheat on hand, an acreage of 55 million acres was allotted under provisions of the Agricultural Adjustment Act. Nearly 64 million acres were seeded. In 1940, the allotment was 62 million acres, and the acreage seeded was 64.4 million acres.

ADJUSTMENT.— In view of the shifts from wheat production already made under the program, further adjustments probably would require more drastic changes in farming systems than could be made without serious disruption of the wheat farm economy.

Middle-of-the-Road Course

The middle-of-the-road course recognizes that we cannot go on producing wheat for world markets that no longer are open to us, and consequently calls for an adjustment of production compatible with existent markets. At the same time the middle-of-the-road course recognizes the impracticality of limiting production to domestic needs alone, and calls for aggressive action --backed, if necessary, by subsidies --to obtain whatever foreign markets can be had.

Under a program which provides for even limited production for export, wheat prices will have to descend to world levels in order to move the export wheat unless protective measures are provided. Such measures may include: (1) A loan working in conjunction with an export subsidy, (2) payments to augment wheat income, (3) a two-price system such as is offered in the so-called certificate plan, (4) a combination of these measures.

LOAN.— Under the loan program, farmers would be able to hold enough wheat off the market under storage loans to bring prices up to at least the loan level. If this were higher than the world price, the Government would eventually gain possession of the export wheat, unless an export subsidy is provided to move out of the country surplus stocks of wheat not needed for domestic use or reserves. Since the portion of the crop produced for export normally would bring the price of the entire crop down to the world level, an export subsidy to move this wheat will often increase the value of the entire crop to much more than the amount of the subsidy.

PAYMENTS.— Under the existing programs payments as a means of augmenting returns from the sale of wheat have been dependent upon compliance with the acreage allotment features of the program. These conservation and parity payments for 1938, added to the price of wheat, were not sufficient to assure wheat producers parity income. In 1939, however, the payments and the loan which enabled many farmers to profit by price rises several months after harvest brought parity to many cooperators.

TWO-PRICE SYSTEM.- The two-price system, embodied in the certificate plan, is designed, through self-financing means, to provide parity on the domestically consumed portion of the crop. The price of all the wheat would descend to the world level, but wheat farmers would receive a supplementary income from a tax to make up the difference between the market price and parity price.

It is doubtful whether a tax could provide sufficient funds to make up this difference, in view of the world price level in the recent past and the prospective level in the near future. It seems likely, therefore, that even with self-financing means of supplementing producers' income, additional measures are needed both to protect income further and to handle the wheat which is in excess of our needs.

AAA Policy

The operation of the AAA wheat program has followed the middle-of-the-road course. First of all, it has provided the machinery for the necessary adjustments in acreage. The basic provision of the program is the requirement that the national acreage allotment each year be designed to result in a supply of wheat adequate for normal domestic consumption and exports and a 30-percent reserve. In this we have a compromise between unlimited production for export and production for domestic needs only.

The policy of the loan program has also been directed toward the middle ground between allowing our prices to descend to a world basis and maintaining prices so high as to stimulate production in excess of market outlets.

As the wheat farmers of the United States face the future, the prospect of limited opportunities in the world market continues to confront them. There is little to encourage confidence that the days of the free and expanding wheat markets will return. Before they do, our farmers may find it necessary to make still further adjustments. They have the program to do this.

But United States wheat farmers will continue to grow wheat for export. As long as they do, in the present-day kind of world, they will continue to need an aggressive export policy and they will continue to need measures to protect their incomes from the effects of the world storm.

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CHAPTER 8 - FINANCING A NATIONAL FARM PROGRAM

Recognizing the loss of foreign markets and changes in domestic consumption, the Agricultural Adjustment Act of 1938 authorized parity payments for wheat and four other major commodities. The need for such payments remains and so does the need for some self-financing plan which will provide a continuing source of revenue for these payments as well as others needed to safeguard and strengthen the programs and to supplement farm income.

When the original Agricultural Adjustment Act was enacted in May 1933, Congress tried to make the farm programs self-financing. Through the medium of processing taxes the programs did pay their way, until the decision in the *Hoosac Mills* case in early 1936 invalidated the processing taxes because the Supreme Court considered them a part of a production-control plan.

Several proposals have been presented for making the farm program self-financing. Because of the relationship of wheat with such programs, the major plans are presented herewith.

Price Fixing

Several of the proposals that have been made for increasing farm income would call for the fixing of minimum farm prices by Governmental decree for the domestically consumed portion of farm production. The variations in these proposals are chiefly variations of either the mechanical methods of operation or the standards for determining the levels at which prices would be fixed.

On the whole, fixed-price programs seek to avoid budgetary difficulties by making it possible for farmers to obtain reasonable incomes through market prices.

Most price-fixing proposals omit any provision for production adjustment on one of two theories: That the export markets will take an unlimited quantity of low-priced surpluses; or that farmers, if guaranteed an adequate price for domestically consumed products, would not produce an additional quantity for which they could obtain only much lower export prices.

These theories seem to overlook certain factors. In the first place, unlimited surpluses of products can no longer find world markets. Secondly, if farmers produced nothing beyond domestic needs, the resultant adjustment of production would increase farm unemployment. Furthermore, it is doubted by many whether an adequate production-adjustment program could be made effective under a price-fixing plan.

It would be necessary under price fixing -- especially in regard to export crops -- for the Government either to take over many of the buying and selling functions from the established and normal channels of trade, or to undertake the policing of literally millions of transactions.

High Loans

Another alternative in meeting the problem is to abandon the present moderate loan rates for greatly increased rates in an effort to improve farm income. Credit, handled with necessary restraint, can be exceedingly useful, but excessive use of it is alluring, and sometimes leads to futile attempts to improve situations which, like this one, are really not credit problems. The sound course of action is not to lose sight of certain fundamental considerations:

(a) The greater the commodity loan rates fixed by the Government, the greater will be the appropriations of funds required for export subsidies.

(b) If a high price-pegging loan program were to be successful, the production would have to be decreased and domestic prices thereby advanced to a point that would permit liquidation of the loans without loss. These higher domestic prices, however, which could be brought about at least temporarily through high price-pegging loans, would tend to encourage increased production. In the absence of very severe acreage control measures many persons would withdraw from the present adjustment and soil conservation programs in order to take added advantage of the increased market prices. This, in turn, would defeat the higher loan program by placing a large supply on the market to drive down prices, and would thereby make it impossible to liquidate the high loans without incurring large losses.

Thus, what had started out to be a high loan program might be converted into a system of increased Governmental payments, through the appropriations that would be required to cover the loan losses; and, in the meantime, it would have destroyed the incentives for those two basic requirements of agriculture, namely, strengthened production adjustment and additional soil conservation. Any loan program can be swamped by continued excesses of production. Furthermore, the excessive and unnecessary use of credit aggravates maladjustment and only defers for a brief time the inevitable reckoning in appropriations to cover loan losses.

The Marketing Certificate Plan

The use of marketing certificates for certain crops has been proposed as a self-financing substitute for the parity payments on these crops under the AAA farm program. Adoption of this proposal would not involve any other change in the program, which would continue to include conservation payments, marketing quotas, crop insurance, and loans.

For the crops for which they could be used, marketing certificates would provide greater returns to producers than have been obtained through recent appropriations for parity payments. Marketing certificates could be used effectively for any crop having a substantial export outlet (or diversion outlet such as the use of peanuts for oil) and moving into domestic consumption through centralized processing or marketing channels.

The following is a brief outline of one form of the marketing certificate plan.

PURPOSE.- The purpose of the marketing certificate plan is to assure producers of wheat, cotton, tobacco, rice, and peanuts a parity return for the domestically consumed portion of their production.

HOW PLAN OPERATES.- Certificates of a fixed value would be issued at the beginning of each marketing year to producers who cooperate in the agricultural adjustment and conservation program. Manufacturers and importers of each commodity then would be required to purchase the certificates from farmers to cover the first sales and importations of articles manufactured from the commodities.

The value of the certificates would be fixed at that rate per unit which would give to all the certificates issued an aggregate value equal to the difference between the actual price and the parity price, on the domestically consumed portion of the crop. Manufacturers and importers would be required to use the certificates in amounts that would provide for using all of the certificates issued. This would mean that the cost of the commodity for domestic consumption, including the cost of certificates, would be equal to the parity price.

ELIGIBILITY.- Certificates would be issued only to producers who have available for marketing not more than the actual production of their acreage allotments for all the crops included in the certificate plan. In other words, producers who conform with their acreage allotments would be eligible.

Those producers unable to establish eligibility at the time of issuance of certificates (because of having excess production available for marketing) would have an opportunity at the close of the year to qualify for a payment equal to the value of their share of the certificates. In order to receive this payment, they would need to adjust their acreage below their allotments in the second year by the amount that they had exceeded their allotments in the first year.

Eligible producers would receive certificates on the normal production of their acreage allotments for each commodity included in the plan. The certificates would be divided among landlords, tenants, and sharecroppers on the same basis as each shares in the crop. Pools would be established to facilitate transfer of certificates from farmers to manufacturers.

VALUE.-- The value of the certificates per bushel would be somewhat less than the full difference between farm and parity prices because the domestic consumption is less than the "normal" production used in distributing the certificates to farmers. However, the rate would be set to give farmers a full parity return on the domestically consumed portion of their crop, within the limits of the maximum rates. Minimum and maximum prices that have been considered for wheat certificates are 10 cents and 25 cents per bushel.

ARTICLES EXEMPT.-- Exports of wheat and flour would be exempt from the certificate requirement.

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Table No. 1.-PRICES: Price and income data relating to wheat, by years since 1923

Year begin- ning July	U.S. farm price	U.S. average parity price	Farm price as percent of parity price	Cash in- come from wheat 1/ marketings	Government payments 2/ for wheat	No. 2 Hard wheat at Chicago	Imported wheat parcels at Liverpool	U.S. farm price above or below Winnipeg	No. 3 Manitoba Northern wheat at Winnipeg
	Cents per bushel	Cents per bushel	Percent	Million dollars	Million dollars	Cents per bushel	Cents per bushel	Cents per bushel	Cents per bushel
1923	92.6	145.0	63.9	605		105.8	120.8	- 25.2	32.4
1924	124.7	148.5	84.0	799		138.8	175.7	- 51.0	156.9
1925	143.7	149.4	96.2	844		161.0	168.9	- 25.2	142.6
1926	121.7	147.6	82.5	843		140.1	162.8	- 41.1	135.0
1927	119.0	147.6	80.6	895		138.5	151.9	- 32.9	132.8
1928	99.8	147.6	67.6	770		117.2	127.5	- 27.7	112.5
1929	103.6	145.0	71.4	727		129.7	129.2	- 25.6	122.9
1930	67.1	132.6	50.6	451		84.5	79.7	- 12.6	61.5
1931	39.0	114.0	34.2	266		52.9	59.2	- 20.2	46.7
1932	38.2	102.5	37.3	200		52.7	53.8	- 15.6	42.1
1933	74.4	109.6	67.9	304	93.8	94.1	68.2	+ 6.2	62.5
1934	84.8	115.8	73.2	317	105.5	102.5	80.6	+ 4.2	76.0
1935	83.2	112.3	74.1	372	115.0	103.9	90.0	- 6.8	76.7
1936	102.6	117.6	87.2	451	3/ 43.4	116.5	125.8	- 23.2	113.4
1937	96.3	116.7	82.5	605	3/ 50.5	118.0	124.5	- 28.2	117.4
1938	56.1	111.4	50.4	396		70.4	69.5	- 13.4	56.1
1939	69.1	112.3	61.5	397	137.6	78.4	4/	4/	64.3

^{1/} Calendar year basis, excluding Government payments. ^{2/} By program years. Estimates as of August 1, 1940.
^{3/} Wheat payments under the Agricultural Conservation Program cannot be shown for 1936 and 1937 because wheat was included in general soil-depleting acreage. ^{4/} Not available.

Source: BAE

Table No. 2-UNITED STATES: Acreage, production, supply, and utilization of wheat, by years since 1923.

Years begin- ning July	Seeded acreage	Yield per seeded acre	Harvested acreage	Yield per harvested acre	Produc- tion	Carry- over begin- ning of year ^{1/}	Total supply ^{2/}	Total Domestic utilization	United States exports ^{3/}
	Million acres	Bushels	Million acres	Bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
1923	64.5	11.8	56.9	13.3	759	132	906	620	149
1924	55.7	15.1	52.5	16.0	842	137	979	613	258
1925	61.7	10.8	52.4	12.8	669	108	779	581	98
1926	60.7	13.7	56.6	14.7	832	100	932	613	209
1927	55.7	13.3	59.6	14.7	875	110	985	679	194
1928	71.2	12.9	59.2	15.4	914	112	1,026	654	144
1929	66.8	12.3	63.3	13.0	823	228	1,051	619	143
1930	67.2	13.2	62.6	14.2	886	289	1,175	747	115
1931	66.0	14.3	57.7	15.3	942	313	1,255	754	126
1932	65.9	11.5	57.8	13.1	757	375	1,132	719	35
1933	63.5	8.1	49.4	11.2	552	378	930	627	29
1934	63.6	8.3	43.4	12.1	526	274	815	655	14
1935	69.2	9.1	51.2	12.2	626	147	808	659	7
1936	73.7	8.5	48.9	12.8	627	142	803	688	12
1937	81.1	10.8	64.4	13.6	876	83	960	704	103
1938	79.6	11.7	69.9	13.3	932	153	1,085	723	110
1939	63.9	11.8	53.7	14.1	755	252	1,007	675	48
1940 ^{4/}	64.4	12.3	52.8	15.0	792	284	1,076	700	5/

^{1/} Includes some new wheat prior to 1937. ^{2/} These figures include imports. Total supply as defined in the Agricultural Adjustment Act of 1938, however, is carry-over plus production. ^{3/} Includes shipments of wheat and flour to noncontiguous U.S. Territories, and includes only flour made wholly of domestic wheat.

^{4/} Preliminary estimate. ^{5/} Not available.

Source: B.A.E.

Table No. 3.-ACREAGE: Wheat acreage allotment and seeded wheat acreage, by States. 1/

TABLE NO. 3.-ACREAGE

55

	Wheat acreage allotment					Seeded wheat acreage				
	1939	1940	1941	10-year average (1928-1937)	1938	1939	1940 2/			
	Acres	Acres	Acres	Acres	Acres	Acres	Acres			
Alabama	4,734	5,281	5,433	5,000	6,000	7,000	7,000			
Arizona	30,534	35,534	35,793	36,000	50,000	35,000	38,000			
Arkansas	65,115	67,385	67,549	64,000	81,000	40,000	42,000			
California	626,106	692,754	699,447	782,000	850,000	706,000	833,000			
Colorado	1,314,022	1,472,639	1,473,720	1,741,000	1,774,000	1,663,000	1,607,000			
Delaware	68,405	74,033	73,567	93,000	86,000	75,000	76,000			
Georgia	123,630	137,416	140,958	127,000	187,000	196,000	216,000			
Idaho	895,549	989,702	994,637	1,168,000	1,237,000	980,000	1,035,000			
Illinois	1,789,192	1,938,259	1,930,653	2,318,000	2,340,000	1,951,000	1,845,000			
Indiana	1,481,810	1,601,447	1,604,332	1,867,000	1,918,000	1,687,000	1,553,000			
Iowa	389,177	456,046	455,334	452,000	631,000	447,000	376,000			
Kansas	11,067,349	12,789,001	12,798,697	13,721,000	16,945,000	13,895,000	12,048,000			
Kentucky	337,534	406,727	409,528	382,000	645,000	464,000	441,000			
Maine	4,387	4,163	4,283	5,000	4,000	4,000	4,000			
Maryland	350,926	384,403	382,487	460,000	483,000	396,000	404,000			
Michigan	669,954	739,792	740,613	849,000	927,000	766,000	794,000			
Minnesota	1,413,702	1,663,684	1,652,047	1,677,000	2,638,000	1,609,000	1,756,000			
Mississippi	74	---	---	---	---	---	---			
Missouri	1,705,277	1,963,713	1,955,278	1,914,000	2,598,000	1,886,000	1,752,000			
Montana	3,414,542	3,783,007	3,767,254	4,418,000	4,776,000	4,041,000	4,469,000			
Nebraska	3,049,982	3,560,400	3,553,082	3,864,000	5,041,000	3,978,000	3,360,000			
Nevada	11,968	14,653	14,679	15,000	22,000	20,000	21,000			
New Jersey	46,924	53,782	54,455	53,000	72,000	70,000	72,000			

Table-No. 3.-Acreage, (Continued)

State	Wheat acreage allotment					Seeded wheat acreage				
	1939	1940	1941	10-year average (1928-1937)	1938	1939	1940	1941	1942	1943
	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres
New Mexico	313,553	357,895	357,617	416,000	438,000	368,000	402,000			
New York	218,158	239,009	239,496	271,000	311,000	278,000	299,000			
North Carolina	363,117	397,894	400,512	438,000	492,000	443,000	443,000			
North Dakota	8,300,483	8,964,389	8,935,948	10,513,000	10,196,000	8,378,000	9,106,000			
Ohio	1,654,847	1,838,127	1,847,042	2,074,000	2,416,000	2,038,000	1,977,000			
Oklahoma	3,783,954	4,515,610	4,508,595	4,736,000	6,300,000	4,851,000	5,094,000			
Oregon	768,303	851,458	849,116	1,106,000	1,092,000	838,000	903,000			
Pennsylvania	772,659	849,933	850,089	1,015,000	1,082,000	954,000	964,000			
South Carolina	110,846	123,723	126,165	118,000	166,000	216,000	225,000			
South Dakota	2,943,821	3,245,869	3,254,973	3,772,000	3,966,000	3,006,000	3,160,000			
Tennessee	337,139	375,696	376,432	393,000	517,000	388,000	357,000			
Texas	3,684,863	4,221,706	4,253,335	4,423,000	5,368,000	3,919,000	4,154,000			
Utah	209,724	234,938	235,469	271,000	298,000	263,000	290,000			
Vermont	104	77								
Virginia	452,719	526,373	525,716	628,000	638,000	542,000	553,000			
Washington	1,681,159	1,851,030	1,850,918	2,461,000	2,247,000	1,943,000	2,168,000			
West Virginia	115,312	129,837	131,521	139,000	167,000	157,000	152,000			
Wisconsin	90,203	99,128	99,047	113,000	123,000	93,000	91,000			
Wyoming	302,818	337,437	338,583	377,000	437,000	376,000	385,000			
Total	55,000,000	62,000,000	62,000,000	69,310,000	79,565,000	63,896,000	64,388,000			
United States										

- 1/ The following States report no wheat acreage: Connecticut, Florida, Louisiana, Massachusetts, New Hampshire and Rhode Island.
- 2/ Since the 1941 State allotments were made on the basis of the State's average acreage for the 1930-1939 period, and the 1940 State allotments were based on the 1929-1938 period, State allotments for 1940 and for 1941 may be different even though the national allotment is the same for both years.
- 3/ Preliminary estimate.
- Source: AAA and BAE

Table No. 4 - PRODUCTION: Wheat yield and production, by States 1/

State	Yield per		:10-Year:		:10-Year:		:Average:		:Average:		:Production	
	seeded acre		:1928-:		:1928-:		:1928-:		:1928-:		:1928-:	
	1938		1939		1940 2/		1937		1938		1939	
	Bushels	Bushels	Bushels	Bushels	Bushels	Bushels	Bushels	Bushels	Bushels	Bushels	Bushels	Bushels
Alabama	9.6	10.8	10.3	10.7	50,000	65,000	75,000	75,000				
Arizona	22.0	22.0	23.0	19.5	776,000	1,100,000	805,000	740,000				
Arkansas	7.8	7.3	8.0	7.7	490,000	595,000	390,000	323,000				
California	16.1	15.0	14.9	13.5	12,712,000	12,733,000	10,548,000	11,250,000				
Colorado	7.3	10.7	7.3	7.7	13,119,000	19,068,000	12,217,000	12,409,000				
Delaware	16.9	19.3	17.3	18.0	1,590,000	1,660,000	1,296,000	1,369,000				
Georgia	8.2	9.1	9.0	8.4	1,011,000	1,700,000	1,770,000	1,810,000				
Idaho	20.8	26.1	23.6	23.9	24,524,000	32,332,000	22,624,000	24,728,000				
Illinois	15.4	17.9	20.0	21.8	34,534,000	41,792,000	39,021,000	40,151,000				
Indiana	15.6	15.0	17.0	18.8	28,449,000	28,848,000	27,612,000	29,386,000				
Iowa	16.4	14.7	14.5	20.8	7,461,000	9,284,000	6,490,000	7,824,000				
Kansas	10.0	9.0	8.0	7.8	138,072,000	152,184,000	111,657,000	101,145,000				
Kentucky	12.1	13.5	8.8	12.8	4,623,000	8,700,000	4,071,000	5,625,000				
Maine	20.6	17.0	21.0	20.0	96,000	68,000	84,000	80,000				
Maryland	18.3	19.5	18.6	18.4	8,419,000	9,420,000	7,352,000	7,448,000				
Michigan	19.2	21.1	20.1	21.2	16,086,000	19,519,000	15,424,000	16,802,000				
Minnesota	12.6	14.8	13.7	19.5	20,891,000	38,948,000	22,108,000	34,215,000				
Mississippi	6.5	--	--	--	1,000	--	--	--				
Missouri	12.7	12.2	15.5	18.2	24,376,000	31,600,000	29,241,000	31,877,000				
Montana	8.0	14.6	14.6	13.6	35,217,000	69,522,000	56,608,000	60,811,000				
Nebraska	11.8	11.1	9.1	9.3	46,254,000	55,714,000	36,376,000	31,257,000				
Nevada	24.9	23.7	25.6	24.7	372,000	522,000	512,000	519,000				
New Jersey	20.9	18.6	16.7	18.7	1,202,000	1,342,000	1,170,000	1,344,000				
New Mexico	6.6	6.2	8.0	5.2	2,892,000	2,718,000	2,960,000	2,103,000				
New York	19.2	24.2	23.0	23.9	5,194,000	7,533,000	6,382,000	7,148,000				
North Carolina	10.3	11.1	11.5	13.6	4,496,000	5,440,000	5,100,000	6,021,000				
North Dakota	6.9	7.5	10.0	10.8	73,737,000	76,384,000	84,062,000	98,535,000				

Table No. 4 -- PRODUCTION (Continued)

State	:10-Year:		Yield per		:10-Year:		:Average:		:1928-		Production	
	:1937):		:1938		1939		1940 2/		:1937):		:1938	
	Bushels		Bushels		Bushels		Bushels		Bushels		Bushels	
	:1937):		:1938		1939		1940 2/		:1937):		:1938	
Ohio	17.9	19.2	18.2	21.6	36,568,000	46,420,000	37,150,000	42,758,000				
Oklahoma	9.9	9.8	12.5	10.7	47,054,000	61,677,000	60,438,000	54,390,000				
Oregon	17.6	21.5	20.1	20.3	19,254,000	23,496,000	16,818,000	18,315,000				
Pennsylvania	18.2	20.4	20.4	19.2	18,486,000	22,032,000	19,421,000	18,534,000				
South Carolina	9.2	10.7	11.2	11.7	1,054,000	1,771,000	2,415,000	2,625,000				
South Dakota	6.2	7.2	6.5	8.1	23,580,000	28,377,000	19,424,000	25,541,000				
Tennessee	10.3	10.4	10.6	14.3	3,989,000	5,401,000	4,117,000	5,116,000				
Texas	7.6	6.5	7.1	6.3	32,038,000	35,046,000	27,650,000	26,270,000				
Utah	18.9	22.5	15.2	16.6	5,131,000	6,713,000	3,989,000	4,828,000				
Vermont	18.8	--	--	--	8,000	--	--	--				
Virginia	14.0	13.4	13.9	15.1	8,764,000	8,526,000	7,511,000	8,354,000				
Washington	18.0	24.3	22.6	19.8	43,729,000	54,590,000	43,822,000	42,982,000				
West Virginia	14.2	14.0	13.4	13.1	1,983,000	2,340,000	2,102,000	1,986,000				
Wisconsin	16.3	16.3	14.5	18.9	1,823,000	2,007,000	1,350,000	1,723,000				
Wyoming	7.6	10.3	7.5	10.2	2,847,000	4,515,000	2,812,000	3,915,000				
Total	10.9	11.7	11.8	12.3	752,952,000	931,702,000	754,971,000	792,332,000				

1/ The following States report no wheat production: Connecticut, Florida, Louisiana, Massachusetts, New Hampshire and Rhode Island.

2/ Preliminary estimate.

Source: BAE

Table No. 5. Payments.--1939 wheat conservation and parity payments, by States.

State	Conservation: payments earned 1/	Parity: payments: earned :	Number of parity payees	Average size : of parity : payments	Estimated : participa- : tion 2/
	Thousand dollars	Thousand dollars	Number	Dollars	Percent
Alabama	3 /	1	49	9.80	9.6
Arizona	96	63	677	93.70	85.0
Arkansas	6	8	861	9.77	15.1
California	1,161	854	7,221	118.22	75.1
Colorado	1,403	946	26,784	35.34	76.1
Delaware	212	120	3,500	34.21	90.4
Georgia	3 /	9	271	34.93	8.5
Idaho	2,735	1,777	29,401	60.43	85.5
Illinois	2,972	2,051	92,397	22.19	66.4
Indiana	2,656	1,804	106,361	16.96	68.8
Iowa	960	640	33,079	19.34	87.4
Kansas	15,347	9,880	141,121	70.01	67.6
Kentucky	428	284	15,500	18.32	63.2
Maryland	804	483	13,900	34.74	67.6
Michigan	1,452	909	68,618	13.25	64.3
Minnesota	2,707	1,664	100,050	16.63	79.0
Missouri	2,201	1,553	105,835	14.67	64.2
Montana	4,662	2,924	43,449	67.30	87.5
Nebraska	4,705	3,042	96,062	31.67	69.8
Nevada	41	25	961	26.06	75.8
New Jersey	32	26	948	27.48	24.3
New Mexico	335	214	3,965	53.94	73.8
New York	375	208	10,367	20.09	45.0
North Carolina	43	75	4,700	16.12	18.4
North Dakota	11,777	7,361	144,175	51.05	93.7
Ohio	2,830	1,930	114,858	16.80	57.0
Oklahoma	4,962	2,903	66,301	43.79	64.0
Oregon	2,337	1,478	14,659	100.82	89.8
Pennsylvania	1,397	754	36,849	20.46	47.9
South Carolina	3 /	5	188	26.40	4.4
South Dakota	4,349	2,672	119,036	22.45	94.8
Tennessee	265	179	13,400	13.32	46.7
Texas	5,495	3,403	60,160	56.56	88.4
Utah	558	353	12,670	27.85	80.5
Virginia	483	310	11,400	27.16	41.6

TABLE NO. 5. - PAYMENTS (CONTINUED)

Table No. 5. PAYMENTS: - 1939 Wheat conservation and parity payments, by States.
(Continued)

State	Conservation payments earned <u>1/</u>	Parity payments earned	Number of parity payees	Average size of parity payments	Estimated participa- tion <u>2/</u>
	Thousand dollars	Thousand dollars	Number	Dollars	Percent
Washington	3,511	2,309	10,724	215.32	63.7
West Virginia	75	44	1,300	33.96	24.5
Wisconsin	198	108	22,993	4.71	65.8
Wyoming	406	245	5,995	40.89	84.6
Total United States	83,976	53,614	1,540,785	34.80	72.8

1/ Includes amounts deducted for county association expenses.

2/ Based on percent of maximum wheat parity funds actually earned.

3/ Less than \$1,000.

Table No. 6.- Wheat Loan: Statement on 1938 operations as of June 30, 1940.
as shown by records of the Commodity Credit Corporation

Item	Farm storage	Warehouse storage	Total
Amount of loans:			
Dollars	\$12,177,428.32	\$34,253,775.10	\$46,431,203.42
Bushels	21,979,959	53,208,755	80,188,714 ^{1/}
Repayments:			
Bushels	21,141,353	43,321,731	64,463,134
Delivered to C.C.C.			
Bushels	836,488	14,886,974	15,723,462
Still outstanding:			
Bushels	2,118	--	2,118

^{1/} Does not include 5,557,000 bushels on which the loans were liquidated by banks and other lending agencies.

Table No. 7.- Wheat Loan: Statement on 1939 operations as of June 30, 1940,
as shown by records of the Commodity Credit Corporation

Item	Farm storage	Warehouse storage	Total
Amount of loans:			
Dollars	\$22,262,044.65	\$ 95,072,053.92	\$117,334,098.57
Bushels	32,926,070	134,659,862	167,645,932
Repayments:			
Dollars	\$15,636,839.40	\$ 93,851,091.62	\$109,487,931.02
Bushels	22,649,018	133,047,959	155,696,977
Delivered to C.C.C.:			
Dollars	\$ 28,537.96	\$ 1,220,633.19	\$ 1,249,201.15
Bushels	37,650	1,611,436	1,649,086
Still outstanding:			
Dollars	\$ 6,596,637.29	\$ 299.11	\$ 6,596,966.40
Bushels	10,299,402	467	10,299,869

TABLE NO. 3. - WHEAT LOAN, 1938

TABLE NO. 3. - WHEAT LOAN: 1938 data, by States

States	Number of loans	Wheat under loan	Percent of wheat under loan	Location of wheat under loan				Average farm loan rate
				In elevators		In farm storage		
				Number loans	Amount	Number loans	Amount	
California	6	14,204	.1	6	14,204	---	---	58.3
Colorado	863	1,133,371	5.9	305	587,116	358	546,255	50.5
Idaho	3,471	6,644,371	21.2	2,153	4,544,244	1,318	2,300,127	47.7
Illinois	2,380	1,788,837	4.2	2,078	1,629,747	302	159,090	70.2
Indiana	512	210,148	.7	447	98,139	65	112,009	67.5
Iowa	574	339,446	4.0	465	262,120	109	127,326	68.6
Kansas	7,046	6,226,338	5.4	4,268	4,848,512	2,780	3,377,826	56.7
Kentucky	675	269,811	3.0	675	269,811	---	---	75.4
Michigan	430	142,558	.7	384	10,221	46	132,337	63.4
Minnesota	8,660	5,678,396	14.6	6,796	3,885,511	1,864	1,792,885	69.1
Missouri	432	536,307	1.9	377	561,714	111	24,593	65.9
Montana	9,974	13,977,740	20.1	6,845	8,761,083	3,129	5,216,657	48.2
Nebraska	3,868	3,572,708	6.4	3,001	1,276,579	867	2,296,129	57.2
New Mexico	16	36,287	1.4	16	36,287	---	---	64.8
North Dakota	16,114	10,564,568	13.6	12,780	7,722,776	3,334	2,841,810	58.0
Ohio	938	396,956	.3	784	187,953	174	209,003	69.7
Oklahoma	4,930	4,965,896	--	4,474	4,475,911	456	509,985	---
Oregon	2,275	7,555,523	32.2	2,176	7,157,475	99	398,046	49.9
South Dakota	5,536	3,045,415	13.4	4,297	1,324,972	1,341	1,720,443	55.0
Tennessee	496	133,872	2.5	496	133,872	---	---	78.0
Texas	1,414	2,623,565	--	1,323	2,401,103	91	222,462	50.0
Utah	665	1,244,705	16.6	296	465,933	369	773,772	75.5
Virginia	211	77,945	.9	211	77,945	---	---	49.8
Washington	4,300	14,792,771	27.1	4,082	13,880,759	218	912,012	71.0
West Virginia	31	16,374	.7	31	16,374	---	---	65.2
Wisconsin	2	1,703	.1	1	865	1	838	64.1
Wyoming	322	431,413	9.6	198	268,093	124	143,315	
Total 1/								
United States*	73,000	85,745,000	9.2	53,127	61,913,000	16,604	23,832,000	53.0

1/ Although the State figures are not complete in every case, the United States totals are based on the latest Commodity Credit Corporation data and information from State AAA committees.

Table No. 9.- WHEAT LOAN: 1939 data, by States.

States	Number of loans	Wheat under loan Bushels	Percent of wheat under loan Percent	Location of wheat under loan		Average loan rate Cents
				In elevators Loans Number Bushels Amount	In farm storage Loans Number Bushels Amount	
California	31	96,636	.9	31	96,636	67.2
Colorado	3,459	2,907,961	23.6	2,560	2,169,595	61.2
Idaho	3,150	5,618,214	24.8	2,435	4,065,451	51.6
Illinois	16,072	7,232,442	18.5	15,460	6,964,596	68.8
Indiana	4,393	1,552,742	5.6	3,972	1,390,263	65.2
Iowa	2,236	885,953	13.7	1,865	688,270	66.9
Kansas	29,012	21,357,095	19.1	23,333	16,405,711	64.5
Kentucky	1,052	289,428	7.1	1,052	289,428	75.5
Maryland	13	8,590	.1	13	8,590	70.4
Michigan	570	162,979	1.1	132	31,096	67.4
Minnesota	14,050	4,406,730	19.9	12,349	3,032,258	64.3
Missouri	7,436	2,978,229	10.2	7,135	2,815,168	69.9
Montana	16,843	18,662,459	33.0	12,717	12,066,426	59.5
Nebraska	12,748	7,723,614	21.2	7,824	4,144,018	62.9
New Mexico	722	1,286,317	43.5	691	1,191,559	61.5
North Dakota	58,946	33,100,289	39.4	50,243	25,588,316	69.0
Ohio	5,465	1,813,527	4.9	4,559	1,516,219	69.4
Oklahoma	16,957	13,277,037	22.0	15,897	12,139,233	60.4
Oregon	1,958	5,569,221	33.1	1,849	5,017,238	59.2
Pennsylvania	50	12,406	.07	50	12,406	72.8
South Dakota	9,777	4,506,049	23.2	7,947	2,641,847	67.9
Tennessee	718	179,772	4.4	718	179,772	78.0
Texas	10,807	15,759,987	57.0	10,568	15,246,584	62.8
Utah	236	301,527	7.6	100	104,640	49.9
Virginia	328	117,436	1.6	328	117,436	73.8
Washington	4,350	12,028,841	27.4	4,005	10,697,325	56.3
West Virginia	38	18,030	.9	38	18,030	69.5
Wyoming	316	311,840	11.1	210	204,788	58.2
Total 1/	237,008	167,645,932	22.2	188,353	134,659,862	63.3
United States				33,340	32,986,070	63.3

1/ Although the State figures are not complete in every case, the United States totals are based on the latest Commodity Credit Corporation data and information from State AAA committees.

Table No. 10.-CROP INSURANCE: 1939 data, by States

States	Policies issued		Indemnity claims		Acres insured		Total insured production	Premiums collected	Indemnities paid	
	Number	Claims	Percent of policies	Area	Percent of '39 allotment	Amount			Percent of premiums	
California	1,003	389	39	111,333	13	1,560,088	73,595	252,087	343	
Colorado	1,430	760	53	70,707	6	582,410	75,365	186,924	239	
Delaware	79	14	18	1,755	3	22,208	351	668	78	
Idaho	1,708	236	14	129,339	14	2,063,346	77,656	77,136	99	
Illinois	12,190	970	80	257,161	15	2,912,253	185,057	58,294	32	
Indiana	11,157	2,573	23	163,679	11	2,020,303	141,556	148,691	105	
Iowa	4,645	1,782	38	72,599	19	894,064	57,148	127,291	222	
Kansas	14,884	5,737	39	882,567	8	7,327,551	776,584	1,744,947	225	
Maryland	986	151	15	23,035	7	290,905	10,911	7,103	65	
Michigan	5,057	934	18	49,233	7	739,664	30,545	39,431	129	
Minnesota	10,211	2,616	26	250,032	15	2,196,867	172,713	154,428	89	
Missouri	15,735	2,836	18	343,126	20	3,264,782	197,008	171,381	87	
Montana	5,200	1,743	34	536,041	16	4,425,554	665,090	680,725	102	
Nebraska	13,193	5,709	66	427,144	14	3,924,096	495,549	1,277,933	253	
Nevada	38	19	50	755	6	15,421	539	3,526	654	
New Jersey	29	3	10	360	1	5,776	190	170	89	
New Mexico	111	72	65	3,529	3	71,579	12,156	31,089	256	
New York	652	50	8	3,756	4	149,854	5,029	4,924	96	
North Dakota	28,091	10,229	36	2,080,758	25	12,308,941	1,954,160	1,653,604	85	
Ohio	10,253	1,907	19	123,497	7	1,737,600	131,214	101,168	77	
Oklahoma	8,635	2,996	35	453,924	12	4,016,855	270,321	477,248	177	
Oregon	662	188	28	93,085	12	1,368,920	62,202	101,380	163	
Pennsylvania	2,301	149	6	30,455	4	448,933	15,813	7,613	48	
South Dakota	10,643	7,634	72	510,421	17	2,796,008	730,643	1,555,135	213	
Texas	3,677	2,362	64	345,966	9	2,528,238	396,006	1,017,651	257	
Utah	452	159	35	32,712	16	513,804	22,344	63,187	283	
Virginia	916	78	9	15,384	3	169,239	7,347	3,811	52	
Washington	1,332	239	18	167,956	10	2,262,883	86,621	86,560	100	
West Virginia	1	0	--	37	.2	402	19	--	--	
Wisconsin	183	119	65	1,199	1	15,578	1,228	6,500	529	
Wyoming	321	235	73	23,409	8	207,125	29,571	84,035	264	
Total United States	165,760	55,889	34	7,235,976	13	60,863,249	6,688,031	10,129,690	151	

Table No. 11.--CROP INSURANCE: 1940 data, by States

	: :Contracts : issued	: :Indemnity Claims : as of Oct. 11, 1940	: :Percent of : contracts	: :Acres	: :Percent : of allotment	: :Percent insured : 1940	: :Total insured : production	: :Bushels : collected	: :Premiums : Amount	: :Indemnities Paid : as of Oct. 11, 1940
	Number	Number	Percent	Acres	Percent	Percent	Bushels	Bushels	Percent	Percent
California	2,107	1,023	49	164,818	24	2,261,075	178,124	576,666	324	
Colorado	3,709	1,169	32	149,174	10	1,071,005	264,453	287,387	109	
Delaware	455	79	17	8,940	12	103,025	4,227	5,955	141	
Idaho	6,873	406	6	174,981	13	2,911,461	177,208	51,169	29	
Illinois	14,899	772	5	244,358	13	2,978,222	231,645	35,216	15	
Indiana	28,373	2,936	10	311,243	19	3,937,593	306,647	115,572	38	
Iowa	7,232	681	9	94,381	21	1,245,745	107,067	43,691	41	
Kansas	60,506	23,384	39	2,863,540	22	23,796,620	3,979,480	7,876,961	198	
Kentucky	979	104	11	15,863	4	159,895	15,932	6,890	43	
Maryland	1,268	140	11	33,717	9	410,755	15,044	8,714	58	
Michigan	15,945	1,266	8	131,273	18	1,881,248	93,297	47,677	51	
Minnesota	21,219	1,319	6	343,982	21	3,335,913	348,954	91,083	26	
Missouri	21,687	2,869	13	353,084	18	3,536,890	271,225	135,301	50	
Montana	4,143	258	6	297,701	8	2,239,033	534,013	67,735	13	
Nebraska	57,244	28,614	50	1,263,792	35	13,161,925	2,113,769	4,621,965	219	
Nevada	107	48	45	1,855	13	36,602	1,929	4,897	253	
New Jersey	112	4	4	1,288	2	18,118	597	264	44	
New Mexico	62	41	66	6,279	2	34,210	12,817	20,810	162	
New York	896	18	2	9,204	4	132,713	5,863	1,411	24	
North Carolina	202	23	11	1,948	1	19,463	924	362	39	
North Dakota	31,672	1,951	6	1,473,953	16	10,612,694	1,999,694	369,455	18	
Ohio	28,767	2,093	7	287,680	16	3,998,264	323,158	67,570	21	
Oklahoma	23,357	7,360	31	977,735	22	8,394,760	915,486	1,224,825	133	
Oregon	2,012	393	20	293,774	35	3,653,148	228,271	126,743	56	
Pennsylvania	5,811	507	9	68,328	8	979,073	36,116	23,071	64	
South Dakota	20,901	5,971	29	680,304	21	3,503,493	1,078,246	867,576	80	
Tennessee	245	33	13	4,973	1	43,969	3,098	1,340	43	

TABLE NO. 11.-CROP INSURANCE, 1940 (CONTINUED)

Table No. 11.-Crop Insurance, 1940 (continued)

States	Contracts issued	Number	Indemnity Claims			Acres insured			Total insured			Premiums collected			Indemnities Paid as of Oct. 11, 1940		
			Number	Percent	Acres	Percent	% of 1940	Percent	Acres	Percent	Acres	Bushels	Bushels	Amount	Percent	Amount	Percent
Texas	11,030	5,191	47	705,676	17	4,935,355	1,109,483	1,588,343	143								
Utah	682	44	6	32,455	14	423,300	25,927	7,255	28								
Virginia	1,175	93	8	19,757	4	244,628	9,582	4,110	43								
Washington	3,540	528	15	383,500	21	5,388,004	230,242	141,260	61								
Wisconsin	555	37	7	3,173	3	37,999	3,103	1,134	37								
Wyoming	1,270	495	39	83,150	25	543,254	126,327	141,928	112								
Total, United States	379,065	89,853	24	11,185,934	18	106,329,452	14,751,948	18,564,366	126								

Table No. 12.--CROP INSURANCE: 1941 data (not including spring wheat),
by States, as of October 10, 1940.

TABLE NO. 12.--CROP INSURANCE, -1941

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States	Contracts issued	Area	Acres Insured	Percent of 1941 allotment	Total insured production	Premiums collected
	Number	Acres	Percent	Bushels	Bushels	
Arkansas	35	755	1	5,031	415	
California 1/	323	23,626	3	302,590	23,962	
Colorado	4,551	205,536	14	1,435,053	355,911	
Delaware	631	10,967	15	140,107	6,032	
Idaho 1/	5,229	226,449	23	3,686,935	182,952	
Illinois	38,055	570,070	29	7,322,811	495,578	
Indiana	35,570	395,938	25	5,190,028	372,218	
Iowa	7,507	101,000	22	1,309,388	111,776	
Kansas	60,864	2,494,985	19	21,790,854	3,508,843	
Kentucky	544	10,450	3	107,894	9,274	
Maryland	1,719	37,499	10	531,468	20,858	
Michigan	15,330	144,819	20	2,170,563	112,649	
Minnesota 1/	6,256	72,269	4	825,440	78,856	
Missouri	25,143	422,034	22	4,386,160	339,141	
Montana 1/	2,470	187,438	5	1,655,831	368,060	
Nebraska	63,127	1,456,833	41	14,387,411	2,647,244	
Nevada	29	488	3	9,673	496	
New Jersey	165	2,336	4	37,843	1,285	
New Mexico	242	17,493	5	103,872	34,812	
New York	1,040	12,680	5	204,181	8,680	
North Carolina	458	5,465	1	60,967	3,005	
North Dakota 1/	240	19,801	.2	132,546	30,079	
Ohio	33,964	352,840	19	5,061,527	335,804	
Oklahoma	24,934	887,391	20	7,784,401	811,940	
Oregon 1/	4,940	234,208	28	3,716,826	225,207	
Pennsylvania	7,492	88,845	10	1,393,781	53,135	
South Dakota 1/	9,650	324,526	10	2,129,768	700,156	
Tennessee	210	3,543	1	30,693	2,044	
Texas	10,187	600,638	14	4,090,660	1,030,769	

Table No. 12.-CROP INSURANCE (continued)

States	Contracts issued	Acres Insured		Total insured	Premiums collected
		Area	Percent of allotment		
	Number	Acres	Percent	Bushels	Bushels
Utah	3,235	65,483	28	898,060	66,499
Virginia	2,498	44,296	8	552,000	24,364
Washington 1/	3,795	325,533	18	5,233,331	231,110
West Virginia	91	2,033	1	24,389	1,118
Wisconsin 1/	691	4,179	4	49,205	4,609
Wyoming	1,209	80,067	24	494,218	132,390
United States	372,727	9,432,583	15	97,257,555	12,362,371
Total					

1/ Although these States raise spring wheat as well, the figures are only for winter wheat.

Table No. 13. -- CLASSES: Production, net exports, and domestic price.

Year beginning July	Hard red winter wheat			White wheat		
	Production	Net exports	Price No. 2 Hard Winter at Kansas City	Production	Net exports	Price Soft White at Portland
	Million bushels	Million bushels	Cents per bushel	Million bushels	Million bushels	Cents per bushel
1921-----	323	100	119.6	84	28	116
1922-----	299	61	112.6	71	14	119
1923-----	259	27	104.9	89	20	103
1924-----	352	121	135.4	49	11	158
1925-----	204	10	162.7	75	19	148
1926-----	371	73	135.3	77	27	136
1927-----	322	60	135.1	98	30	132
1928-----	394	35	112.4	91	15	117
1929-----	371	82	119.6	85	38	116
1930-----	404	65	75.5	86	32	72
1931-----	514	85	46.9	71	33	56
1932-----	281	22	50.9	85	11	50
1933-----	177	4	88.5	88	25	71
1934-----	208	3	98.1	70	10	81
1935-----	203	2	105.1	86	5	81
1936-----	260	3	121.4	100	9	107
1937-----	373	69	110.8	114	26	87
1938-----	390	68	69.5	107	30	66
1939-----	307	22	74.1	80	18	80
1940 5/-----	286	--	--	85	--	--

1/ Prior to 1929 flour is not included, as estimates by classes are not available. Beginning in 1929, figures are exports of wheat and flour plus shipments to noncontiguous U. S. Territories. Flour is that made wholly from domestic wheat.

5/ Preliminary.

Table No. 13. - CLASSES (continued)

Years beginning July	Soft red winter wheat			Hard red spring wheat			Durum wheat		
	Produc- tion	Net exports 1/	Price No. 2 red winter at St. Louis	Produc- tion	Net exports 1/	Price No. 1 dark No. 2 at Minneap- olis	Produc- tion	Net exports 1/	Price No. 2 amber 4/ Durum at Minneapolis
	Million bushels	Million bushels	Cents per bushel	Million bushels	Million bushels	Cents per bushel	Million bushels	Million bushels	Cents per bushel
1921	222	29	126.6	132	26	148.0	58	26	118.9
1922	221	23	121.0	170	14	126.4	86	43	107.0
1923	237	10	107.4	132	2	123.6	42	19	105.7
1924	186	8	159.0	193	22	157.7	62	34	155.7
1925	163	3	168.8	166	5	165.4	60	27	144.1
1926	216	31	137.6	123	2	150.8	45	22	154.9
1927	167	13	149.0	207	6	141.4	81	36	131.6
1928	127	3	139.2	203	2	126.5	99	48	113.3
1929	164	4	130.2	146	3	129.5	57	16	118.7
1930	130	4	83.4	157	1	82.3	60	13	77.8
1931	262	3	51.7	73		70.9	22	5	75.8
1932	159		55.2	190	2/	60.8	42	2	58.4
1933	162	2/	94.3	107	2/	91.3	18		103.2
1934	188	2/	93.9	53	9	116.4	7	7	137.7
1935	204	2/	94.9	108	31	126.0	25	4	112.8
1936	207	2/	111.1	51	25	146.9	9	9	156.9
1937	258		112.6	102	3	127.9	29	2	106.9
1938	236	5	69.6	157	4	79.1	42		72.5
1939	203	3	74.7	130	5	96.7	35		92.2
1940	216	-	-	167	-	-	38		-

1/ Prior to 1929 flour is not included, as estimates by classes are not available. Beginning in 1929, figures are exports of wheat and flour plus shipments to noncontiguous U. S. Territories. Flour is that made wholly from domestic wheat.

2/ Less than 500,000 bushels.

3/ Net imports.

4/ No. 2 hard amber Durum beginning 1934.

5/ Preliminary.

Source: BAE

TABLE NO. 14.- DISAPPEARANCE

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Table No. 14.- DISAPPEARANCE: United States exports and domestic disappearance of wheat, by years since 1923.

Year begin- ning July	Exports and Shipments			Domestic disappearance			Stocks at end of year 4/	Per capita disappear- ance (total less seed)
	Exports wheat only	Exports flour as wheat	Shipments (flour included)	Seed	Feed (fed on wheat farms)	Foods and commer- cial feeds 3/	Total	
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Bushels
1923	79	67	3	74	70	476	620	137
1924	195	60	3	80	56	477	613	103
1925	63	32	3	79	28	474	581	100
1926	156	50	3	83	34	496	613	110
1927	146	45	3	90	45	544	679	112
1928	103	38	3	84	57	513	654	228
1929	92	48	3	83	59	477	619	239
1930	76	36	3	81	157	509	747	313
1931	97	26	3	80	174	500	754	375
1932	21	11	3	84	125	510	719	378
1933	19	7	3	78	72	477	627	274
1934	3	8	3	33	84	488	655	147
1935	51	4	3	38	33	488	659	142
1936	3	6	3	97	88	503	688	103
1937	34	16	3	94	113	497	704	153
1938	85	22	3	76	126	521	723	252
1939	24	21	3	74	92	509	675	284

1/ Includes only flour made from domestic wheat.

2/ Shipments are to Alaska, Hawaii, Puerto Rico, and Virgin Islands.

3/ Balancing item.

4/ Includes some new wheat prior to 1937.

5/ Less than 500,000 bushels.

6/ Preliminary estimate.

Source: B.A.E.

Table No. 15.- EXPORTS: Exports of wheat from United States to selected countries of destination since 1909.

Year beginning July	Total exports 1/	France	Germany	Italy	Nether-lands	United Kingdom	Other Europe	Total Europe and South America	China and Japan	Other Countries
1909-13 average	107	3	7	2	12	34	14	72	11	12
1914	336	60	3	43	40	85	47	283	14	35
1915	246	35	0	36	22	68	44	205	20	19
1916	206	23	0	18	22	32	34	179	14	13
1917	133	26	0	22	4/	60	15	123	6	4
1918	287	31	0	43	9	115	52	250	7	30
1919	222	40	2	39	1	62	43	187	12	22
1920	369	24	35	59	27	103	73	321	17	29
1921	283	6	29	36	24	64	42	201	23	44
1922	225	15	13	34	17	37	30	146	12	47
1923	160	2	9	9	13	24	13	70	14	32
1924	261	14	17	26	25	50	38	170	14	69
1925	108	1	3	3	7	20	15	49	15	33
1926	219	16	11	10	25	47	31	140	20	45
1927	206	5	8	11	19	42	28	113	15	61
1928	164	2	3	5	10	20	24	64	18	61
1929	153	2	7	1	11	31	27	79	21	33
1930	131	8	3	4	13	24	21	73	17	25
1931	136	6	4	2	10	19	27	68	23	17
1932	41	1	4/	1	1	2	9	14	15	9
1933	37	4/	4/	4/	4/	1	5	6	3	8
1934	22	4/	4/	4/	4/	1	3	4	7	8
1935	16	4/	4/	4/	4/	4/	1	2	4/	7
1936	22	4/	4/	4/	4/	4/	2	5	4/	9
1937	107	1	1	1	14	24	32	73	12	20
1938	116	1	3	1	18	30	24	77	11	14
1939	54	4/	4/	4/	8	4	15	27	6	12

(Figures in million bushels, i.e., 000,000 omitted)

1/ Includes flour milled from Canadian wheat.

2/ Includes Mexico, Panama, Cuba, Brazil, Chile, Peru, and Venezuela for all years, and Haiti and Colombia beginning 1931.

3/ Includes Hong Kong, Kwantung, and Chosen.

4/ Less than 500,000 bushels.

Source: B.A.E.

Table No. 16.-- IMPORTS: Imports of wheat and flour into the United States, by years since 1923.

Year beginning July	Full duty wheat (tariff 42 cents)	Wheat unfit for human consumption (tariff of 10 percent ad valorem 1/	Total imports for domestic utilization (total of first 2 columns)	Flour in terms of wheat 2/	For grinding in bond and export 3/
	Bushels	Bushels	Bushels	Bushels	Bushels
1923	13,783,423	---	13,783,423	794,920	13,904,837
1924	272,548	---	272,548	31,575	5,813,353
1925	1,664,843	---	1,664,843	81,804	13,421,480
1926	48,808	---	48,808	28,463	13,171,683
1927	161,297	---	161,297	26,926	15,043,679
1928	79,136	---	79,136	12,234	22,480,962
1929	44,607	---	44,607	8,004	12,903,364
1930	40,756	307,336	348,092	5,461	19,013,090
1931	6,057	--	6,057	1,278	12,878,851
1932	5,767	1,354	7,121	3,201	9,372,151
1933	143,646	5,739	149,385	3,882	11,341,052
1934	5,905,380	8,146,044	14,051,424	18,048	11,064,092
1935	25,288,519	9,205,128	34,493,647	123,366	11,978,659
1936	30,205,430	4,057,016	34,262,446	192,606	13,468,667
1937	597,776	4,150	601,926	31,683	2,819,031
1938	39,086	206,969	246,055	25,399	8,988,542
1939	66,595	86,284	152,879	121,481	9,939,089

- 1/ Beginning June 18, 1930, a new classification, wheat unfit for human consumption, was introduced by the 1930 Tariff Act. Effective January 1, 1939, the new trade agreement with Canada reduced the tariff to 5 percent ad valorem on wheat unfit for human consumption.
- 2/ General imports prior to July 1934, subsequently imports for consumption. Beginning July 1934, excludes flour imported free for export in manufactured foods.
- 3/ Wheat for grinding in bond for export, which enters duty free. Beginning June 18, 1930, includes wheat ground into flour in bond for export to Cuba, a new classification in the 1930 act. From June 18, 1930, to September 3, 1936, the duty on this wheat equaled the reduction in Cuban duty and the reduction in the consumption tax applicable by treaty to such flour imported into Cuba. On September 3, 1936, the consumption tax was repealed.

Source: Imports for consumption from United States Tariff Commission, July 1923 to December 1933, and from Bureau of Foreign and Domestic Commerce, January 1934 to date. Compiled by B.A.E.

Table No. 17.- WORLD: Estimated world 1/ wheat acreage, production, disappearance, trade, and United States exports, by years since 1923.

Year begin- ning July	World Acreage	Yield per acre	World produc- tion	World stocks about July 1	World disap- pear- ance	World trade in wheat	U. S. net exports	U. S. exports as Percent of world trade
	Million acres	Bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Percent
1923	236	15.0	3,535	577	3,389	833	130	15.6
1924	229	13.7	3,143	723	3,293	776	259	33.4
1925	241	14.1	3,396	573	3,316	702	106	15.1
1926	245	14.3	3,504	653	3,470	853	202	23.7
1927	250	14.7	3,683	637	3,619	823	187	22.7
1928	266	15.1	4,005	751	3,736	947	154	16.3
1929	259	13.8	3,582	1,020	3,659	629	145	23.1
1930	268	14.5	3,894	943	3,791	839	116	13.8
1931	266	14.6	3,877	1,046	3,880	796	115	14.4
1932	272	14.3	3,876	1,043	3,775	631	33	5.2
1933	274	14.0	3,848	1,144	3,799	555	29	5.2
1934	267	13.3	3,561	1,193	3,802	542	5/ 4	-
1935	269	13.4	3,602	952	3,787	526	5/ 31	-
1936	279	12.8	3,584	767	3,812	608	5/ 17	-
1937	289	13.3	3,852	519	3,772	554	118	21.3
1938	293	15.7	4,636	599	4,060	650	103	15.8
1939	275	15.5	4,270	1,175	4,055	620	45	7.3
1940	275	14.3	3,997	1,390	-	-	-	-

1/ Excludes Soviet Russia and China.

2/ Includes some new wheat in United States stocks prior to 1937.

3/ Net exports of all countries for which exports exceed imports.

4/ Year beginning August except 1939.

5/ Net imports.

6/ Preliminary estimate.

Source: B.A.E., and Food Research Institute of Stanford University Wheat Studies.

Table No. 18.- WORLD: Estimated stocks of wheat in major exporting countries,
as of July 1, 1922-1940.

Year	United States grain 1/	Canadian grain 2/	Argentina	Australia	Total
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
1922	110	52	82	29	273
1923	134	47	67	42	290
1924	137	71	79	38	325
1925	111	50	73	37	271
1926	101	64	85	27	277
1927	111	69	89	46	315
1928	115	128	107	43	393
1929	232	152	155	47	586
1930	294	153	70	57	574
1931	328	157	94	77	656
1932	391	160	73	58	682
1933	382	237	98	70	787
1934	274	221	143	101	739
1935	147	225	105	68	545
1936	142	155	72	52	421
1937	103 (83)	52	59	53	267 (247)
1938	174 (154)	35	72	63	344 (324)
1939	294 (253)	117	230	70	711 (670)
1940 3/	298 (285)	311	85	144	838 (825)

1/ Includes United States wheat in Canada.

2/ Includes Canadian wheat in United States.

3/ Preliminary.

() = all new wheat excluded.

Source: B.A.E.

Table No. 19.- WAR I AND II: Estimated world supply and distribution of wheat.

I t e m	(Crop year, beginning July)						
	1914	Average 1924-28	Average 1928-37	1937	1938 <u>1/</u>	1939 <u>1/</u>	1940 <u>1/</u>
(Million bushels, i.e., 000,000 omitted)							
SUPPLIES:							
Stocks, July 1 <u>2/</u>	575	662	920	519	599	1,175	1,390
Production- <u>2/</u>	2,884	3,546	3,768	3,852	4,636	4,270	3,997
Total	3,459	4,208	4,688	4,371	5,235	5,445	5,387
Net exports from U.S.S.R.	90	16	31	39	37	3/2	-
Total supply	3,549	4,224	4,719	4,410	5,272	5,443	-
DISTRIBUTION:							
Disappearance	3,050	3,502	3,793	3,311	4,097	4,053	-
Stocks at end of year	499	722	920	599	1,175	1,390	-
<u>1/</u> Preliminary.						3/ Net imports.	
					2/ Excluding Russia and China.		

Table No. 20.-- WAR I AND II: U. S. Average farm price and production of wheat in world and selected countries.

[illegible]

Table No. 21.- WAR I AND II: Net imports of wheat (including flour) in selected countries.

(Calendar year)

Country	Average 1910-14 ^{1/}	1914	1915	1916	Average 1930-34	1937	1938	1939
(Million bushels, e.e., 000,000 omitted)								
United Kingdom...	215	213	187	209	217	195	202	
Italy.....	52	33	32	73	34	53	6	
Germany.....	69	<u>2/</u>	<u>2/</u>	<u>2/</u>	18	47	48	
France.....	43	33	71	104	36	12	13	
Belgium.....	51	<u>2/</u>	<u>2/</u>	<u>2/</u>	44	39	33	
Netherlands.....	23	20	27	30	28	23	27	
Total (6)	453	<u>2/</u>	<u>2/</u>	<u>2/</u>	377	369	329	

^{1/} Year beginning July.^{2/} Data incomplete due to World War.Table No. 22.- WAR I AND II: United States exports of wheat (including flour) ^{1/} to selected countries.

(Calendar year)

Country	Average 1910-14	1914	1915	1916	Average 1930-34	1937	1938	1939
(Million bushels, i.e., 000,000 omitted)								
United Kingdom...	40	68	58	74	12	7	26	23
Italy.....	6	21	52	24	1	<u>2/</u>	1	<u>2/</u>
Germany.....	7	6	<u>2/</u>	0	2	1	3	<u>2/</u>
France.....	8	30	44	34	3	1	1	<u>2/</u>
Belgium.....	7	7	6	4	5	6	12	13
Netherlands.....	15	25	33	23	6	9	18	12
Total (6)	83	157	193	159	29	24	61	48

United States Total 130 234 280 222 84 56 111 100

^{1/} Includes flour milled in bond from foreign wheat.^{2/} Less than 500,000 bushels.

Table No. 23.- WAR I AND II: United Kingdom gross imports of wheat
(including flour) by countries of origin.
(Calendar year)

Country	1914	1915	1916	1938
(Million bushels, i.e., 000,000 omitted)				
United States ^{1/}	78	95	134	30
Canada	67	45	51	63
Australia	23	2/	8	65
British India	20	26	10	8
Russia	14	2	2/	18
Argentina	12	23	8	12
Others	6	1	1	13
Total	220	192	212	209

- ^{1/} Includes Canadian exports of wheat and flour via the United States, as well as flour milled in bond from Canadian wheat.
^{2/} Less than 500,000 bushels.

Table No. 24.- WAR I AND II: Production of wheat in countries
supplying the United Kingdom.
(Calendar year)

Country	1914	1915	1916	1938 ^{1/}	1939 ^{1/}	1940 ^{1/}
(Million bushels, i.e., 000,000 omitted)						
United States	879	1,009	635	932	755	792
Canada	161	394	263	360	490	561
Australia	25	179	152	155	210	120
British India	312	377	323	402	371	-
Russia ^{2/}	834	827	531	3/	3/	3/
Argentina	169	169	84	367	119	190

- ^{1/} Preliminary.
^{2/} Not strictly comparable prior to 1916 because boundaries were changed.
^{3/} Not available.

Table No. 25.- WAR I AND II: United States net exports of wheat
(including flour)
(Marketing year, beginning July)

Year	Exports	Year	Exports
(Million bushels, i.e., 000,000 omitted)			
1912	144	1937	99
1913	146	1938	106
1914	335	1939	45
1915	240		
1916	181		
1917	103		
1918	277		

Table No. 26.- WAR I AND II: Estimated United States supply and
distribution of wheat.
(Crop year, beginning July)

Item	Average 1910-14	1913	1914	1915	1916	1939	1940
(Million bushels, i.e., 000,000 omitted)							
SUPPLIES:							
Stocks, old wheat, July 1	102	110	100	52	210	252	284
Production	724	751	897	1,009	635	755	792 ^{1/}
TOTAL SUPPLY	826	861	997	1,061	845	1,007	1,076
DISTRIBUTION:							
Domestic disappearance ...	578	615	610	611	599	675	700 ^{2/}
Net exports	155	146	335	240	181	48	376 ^{3/}
Stocks at end of year	95	100	52	210	65	284	-

^{1/} Preliminary.

^{2/} Forecast.

^{3/} Available for carryover and export.

